

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION - 1986

EIGHTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 17, 1986

The House of Representatives convened at 11:00 a.m. and was called to order by David M. Jennings, Speaker of the House.

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

The roll was called and the following members were present:

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

A quorum was present.

Vellenga was excused until 11:45 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Frederick 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.

Blatz; Boerboom; Carlson, D.; Carlson, J.; DenOuden; Forsythe; Frederickson; Kalis; McDonald; Olsen, S.; Poppenhagen; Schoenfeld and Valan were excused while in conference.

PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

March 11, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1986 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1986</i>	<i>Date Filed 1986</i>
1600		317	March 11	March 11

Sincerely,
JOAN ANDERSON GROWE
Secretary of State

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 2062, 2257 and 2138 and S. F. Nos. 1660, 2116, 1604, 1790, 2010, 1732, 2060, 2179, 1621 and 2151 have been placed in the members' files.

S. F. No. 1604 and H. F. No. 1796, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Frederickson moved that the rules be so far suspended that S. F. No. 1604 be substituted for H. F. No. 1796 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1660 and H. F. No. 1781, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Uphus moved that the rules be so far suspended that S. F. No. 1660 be substituted for H. F. No. 1781 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2116 and H. F. No. 2422, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McKasy moved that the rules be so far suspended that S. F. No. 2116 be substituted for H. F. No. 2422 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. Nos. 1604, 1660 and 2116 were read for the second time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, McKasy moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2116 be given its third reading and be placed upon its final passage. The motion prevailed.

McKasy moved that the rules of the House be so far suspended that S. F. No. 2116 be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 2116, A bill for an act relating to elections; providing for removal of certain elected county officials; proposing coding for new law in Minnesota Statutes, chapter 351; repealing Minnesota Statutes 1984, sections 351.03; 351.04; 351.08 to 351.11.

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

The question was taken on the passage of the bill and the roll was called. There were 86 yeas and 34 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Carlson, L.	Dimler	Frerichs
Anderson, R.	Boo	Clark	Dyke	Gruenes
Backlund	Brandl	Clausnitzer	Erickson	Gutknecht
Becklin	Brinkman	Cohen	Fjoslien	Hartinger
Bennett	Burger	Dempsey	Forsythe	Hartle
Bishop	Carlson, D.	DenOuden	Frederick	Haukoos

Heap	McEachern	Otis	Rose	Tjornhom
Himle	McKasy	Pappas	Sarna	Tomlinson
Johnson	McPherson	Pauly	Schafer	Tunheim
Kelly	Metzen	Piepho	Schreiber	Valan
Kiffmeyer	Miller	Piper	Seaberg	Valento
Knickerbocker	Minne	Poppenhagen	Shaver	Vellenga
Knuth	Munger	Price	Simoneau	Waltman
Krucger	Nelson, D.	Redalen	Skoglund	Spk. Jennings, D.
Kvam	Neuenschwander	Rees	Stanis	
Levi	Olsen, S.	Richter	Sviggum	
Long	Omann	Riveness	Thiede	
Marsh	Onnen	Rodosovich	Thorson	

Those who voted in the negative were:

Battaglia	Jacobs	Nelson, K.	Scheid	Vanasek
Beard	Jaros	Norton	Segal	Voss
Begich	Jennings, L.	O'Connor	Sherman	Welle
Brown	Kalis	Ogren	Solberg	Wenzel
Elioff	Kostohryz	Olson, E.	Sparby	Wynia
Ellingson	Lieder	Osthoff	Staten	Zaffke
Greenfield	Murphy	Peterson	Tompkins	

The bill was passed and its title agreed to.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Quist introduced:

H. F. No. 2581, A bill for an act relating to health; requiring licensure to practice massage; establishing a board of examiners in massage; providing for exemptions, conditions, and qualifications of licensure; proposing coding for new law in Minnesota Statutes, chapter 148.

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

Staten, Segal and Clark introduced:

H. F. No. 2582, A bill for an act relating to taxation; exempting certain persons age 65 or over from income and sales taxes; amending Minnesota Statutes 1984, section 290.08, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 297A.25, subdivision 1.

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

HOUSE ADVISORIES

The following House Advisories were introduced:

Ozment, Knickerbocker, Waltman, Sparby and Knuth introduced:

H. A. No. 95, A proposal for an interim study of the structure of water agencies to review water allocation needs.

The advisory was referred to the Committee on Governmental Operations.

McLaughlin introduced:

H. A. No. 96, A proposal to study standards for licensing private detectives.

The advisory was referred to the Committee on Crime and Family Law.

Rose, Redalen, Neuenschwander, Frerichs and Miller introduced:

H. A. No. 97, A proposal to study future funding for the Reinvest in Minnesota Resources programs.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 418, A bill for an act relating to local government; excluding firefighter and peace officer job classes from certain aspects of pay equity requirements; amending Minnesota Statutes 1984, section 179A.16, by adding a subdivision; 471.92; 471.993, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1984, section 471.9965.

The Senate has repassed said bill, in accordance with the recommendation and report of the Conference Committee. 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. 707, A bill for an act relating to retirement; public plans generally; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352D.01; 352D.015, subdivision 5; 352D.02, as amended; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.657, subdivision 2a; 354.55, subdivision 11; and 356.215, subdivision 4d; proposing coding for new law in Minnesota Statutes, chapter 62E.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Moe, D. M.; Spear; Wegscheid; Pogemiller and Renneke.

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

Knickerbocker moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 5 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. 707. The motion prevailed.

The Speaker called Halberg to the Chair.

Mr. Speaker:

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

S. F. No. 1910, A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

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

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

Ozment 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. 1910. The motion prevailed.

Mr. Speaker :

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2081, A bill for an act relating to human services; directing the commissioner of human services to create a mental health service system; setting forth requirements for a mental health service system; requiring a study; amending Minnesota Statutes 1984, section 245.69, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Svigum moved that the House concur in the Senate amendments to H. F. No. 2081 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2081, A bill for an act relating to human services; directing the commissioner of human services to create a mental health service system; setting forth requirements for a mental health service system; amending Minnesota Statutes 1984, section 245.69, by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bishop	Burger	Dempsey	Erickson
Anderson, R.	Blatz	Carlson, D.	DenOuden	Fjoslien
Backlund	Boo	Carlson, L.	Dimler	Frederick
Beard	Brandl	Clark	Dyke	Frerichs
Becklin	Brinkman	Clausnitzer	Elioff	Greenfield
Bennett	Brown	Cohen	Ellingson	Gruenes

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1744, A bill for an act relating to education; making changes to the definition of a school; providing for the admission into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

PATRICK E. FLAHAVEN, Secretary of the Senate

Quist moved that the House refuse to concur in the Senate amendments to H. F. No. 1744, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2051, A bill for an act relating to the city of St. Paul; permitting the establishment of special service districts in the city and providing taxing and other authority.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Vellenga moved that the House concur in the Senate amendments to H. F. No. 2051 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2051, A bill for an act relating to the city of St. Paul; permitting the establishment of special service districts in the city and providing taxing and other authority.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Osthoff

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1772, A bill for an act relating to courts; increasing fees to be collected; clarifying existing fee statutes; increasing the penalty assessment imposed on persons convicted of crimes; clarifying the purposes for which it may be used; amending Minnesota Statutes 1984, section 176.451, subdivision 3; 487.31, subdivisions 1 and 4; 487.33; 514.70; 525.031; and 525.033; Minnesota Statutes 1985 Supplement, sections 357.021, subdivision 2; and 609.101.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Dempsey moved that the House concur in the Senate amendments to H. F. No. 1772 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1772, A bill for an act relating to courts; increasing fees to be collected; clarifying existing fee statutes; increasing the penalty assessment imposed on persons convicted of crimes; clarifying the purposes for which it may be used; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees; amending Minnesota Statutes 1984, sections 176.451, subdivision 3; 487.31, subdivisions 1 and 4; 487.33, subdivisions 1 and 2; 501.125, subdivision 1, and by adding a subdivision; 501.66, subdivision 28, and by adding a subdivision; 514.70; 525.031; and 525.033; Minnesota Statutes 1985 Supplement, sections 357.021, subdivision 2; 501.125, subdivision 6; and 609.101.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Cohen	Forsythe	Haukoos
Anderson, R.	Brandl	Dempsey	Frederick	Heap
Backlund	Brinkman	DenOuden	Frerichs	Himle
Battaglia	Brown	Dimler	Greenfield	Jacobs
Beard	Burger	Dyke	Gruenes	Jaros
Becklin	Carlson, D.	Elioff	Gutknecht	Jennings, L.
Begich	Carlson, L.	Ellingson	Halberg	Johnson
Bennett	Clark	Erickson	Hartinger	Kahn
Bishop	Clausnitzer	Fjoslien	Hartle	Kalis

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

Those who voted in the negative were:

Voss

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2466, A bill for an act relating to natural resources; permitting use of metal detectors on certain state lands under certain conditions; authorizing additions to and deletions from certain state parks and recreation areas; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 85.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Sviggunn moved that the House concur in the Senate amendments to H. F. No. 2466 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2466, A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and recreation areas; providing for the maintenance of roads; providing access to Forestville state park; amending Laws 1984, chapter 599, section 3.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Murphy Scheid Staten

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2407, A bill for an act relating to state lands; directing transfer of the Croft Mine Park, and all artifacts, machinery, and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Thiede moved that the House concur in the Senate amendments to H. F. No. 2407 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2407, A bill for an act relating to state lands; directing transfer of the Croft Mine Park, and all artifacts, machinery,

and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Svigum

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Johnson moved that the House concur in the Senate amendments to H. F. No. 1793 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1793, A bill for an act relating to natural resources; authorizing stocking of fish in certain streams where public access is granted; regulating certain repairs to drainage systems in Anoka county; amending Minnesota Statutes 1984, section 97.485; and S. F. No. 1526, if enacted.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1968, A bill for an act relating to environment; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; authorizing the city of Babbitt to exercise certain powers for solid waste management purposes; authorizing St. Louis county to enter into joint powers agreements with the city of Babbitt; amending Minnesota Statutes 1984, sections 115.01, by adding subdivisions; 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2; 115A.06, by adding a subdivision; 115A.13; 115A.14, subdivision 6; 400.08; 400.11; 473.153, subdivision 3, and by adding a subdivision; 473.516, by adding a subdivision; 473.811, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 275.50, subdivision 5; 473.153, subdivisions 1, 5, and 6b; 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115; 115A; 116C; and 400; repealing Minnesota Statutes 1984, sections 115A.17; 400.05; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rose moved that the House concur in the Senate amendments to H. F. No. 1968 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1968, A bill for an act relating to environment; prohibiting certain disposal of hazardous waste; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; authorizing establishment of county solid waste management service areas; providing for financing of certain improvements; authorizing the city of Babbitt to exercise certain powers for solid waste management purposes; authorizing St. Louis county to enter into joint powers agreements with the city of Babbitt; amending Minnesota Statutes 1984, sections 115.01, by adding subdivisions; 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2; 115A.06, by adding a subdivision; 115A.13; 115A.14, subdivision 6; 115A.15, subdivision 6; 400.08; 400.11; 473.153, subdivision 3, and by adding a subdivision; 473.516, by adding a subdivision; 473.806, subdivision 2; 473.811, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 116.07, subdivision 4h; 275.50, subdivision 5; 473.153, subdivisions 1, 5, 6b; and 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115, 115A, 116C and 400; repealing Minnesota Statutes 1984, sections 115A.17; 400.05; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 450, A bill for an act relating to children; replacing the state election campaign fund with a child abuse prevention trust fund; providing for disbursement of funds for child abuse prevention; creating a tax return checkoff to fund the child abuse prevention trust fund; appropriating money; amending Minnesota Statutes 1984, sections 10A.25, subdivision 10, and by adding a subdivision; 290.06, subdivision 11; and 290.39, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 257 and 290; repealing Minnesota Statutes 1984, sections 10A.30 to 10A.335.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Blatz moved that the House concur in the Senate amendments to H. F. No. 450 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 450, A bill for an act relating to children; establishing a state children's trust fund for the prevention of child abuse and neglect; establishing an advisory council to assist the commissioner of public safety in administering the fund; creating a surcharge on certified copies of birth certificates to fund the trust fund; appropriating money; amending Minnesota Statutes 1984, section 144.226, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116K.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 103 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Levi	Peterson	Solberg
Anderson, R.	Forsythe	Lieder	Piper	Sparby
Battaglia	Frederick	Long	Poppenhagen	Stanius
Beard	Frerichs	Marsh	Price	Staten
Becklin	Greenfield	McEachern	Quinn	Sviggum
Begich	Halberg	McLaughlin	Redalen	Thorson
Bennett	Hartinger	McPherson	Rees	Tjornhom
Bishop	Hartle	Metzen	Rest	Tompkins
Blatz	Haukoos	Miller	Rice	Tunheim
Boo	Heap	Minne	Richter	Uphus
Brandl	Himle	Munger	Rodosovich	Valan
Brown	Jennings, L.	Murphy	Rose	Valento
Burger	Johnson	Nelson, K.	Sarna	Vanasek
Carlson, L.	Kahn	O'Connor	Schafer	Vellenga
Clark	Kelly	Ogren	Schoenfeld	Waltman
Clausnitzer	Kiffmeyer	Olsen, S.	Schreiber	Wenzel
Cohen	Knickerbocker	Olson, E.	Seaberg	Wynia
Dempsey	Knuth	Omann	Segal	Zaffke
Dimler	Kostohryz	Onnen	Shaver	Spk. Jennings, D.
Dyke	Krueger	Pappas	Simoneau	
Ethoff	Kvam	Pauly	Skoglund	

Those who voted in the negative were:

Backlund	Jacobs	Neuenschwander	Riveness	Tomlinson
Brinkman	Jaros	Norton	Scheid	Voss
Carlson, D.	Kalis	Osthoff	Sherman	Welle
Gutknecht	Nelson, D.	Otis		

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2256, A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties

and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18; 322A.24; 322A.-26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; and 322A.70.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bishop moved that the House concur in the Senate amendments to H. F. No. 2256 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2256, A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18; 322A.24; 322A.-26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; 322A.-65; and 322A.70.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Uphus
Valan
Valento

Vanasek
Vellenga
Voss

Waltman
Welle

Wenzel
Wynia

Zaffke
Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Rose was excused between the hours of 12 :25 p.m. and 1 :45 p.m.

Mr. Speaker:

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

H. F. No. 2138, A bill for an act relating to natural resources; disposition of wild rice license fees; extends the effective date of Laws 1984, chapter 539; amending Minnesota Statutes 1984, section 97.49, by adding a subdivision.

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. 2010.

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. 1621.

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. 2060.

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. 1732.

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. 2179.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2010, A bill for an act relating to education; permitting research sites on exemplary learning; permitting suspension of certain mandates; proposing coding for new law in Minnesota Statutes, chapter 121.

The bill was read for the first time.

Olsen, S., moved that S. F. No. 2010 and H. F. No. 2157, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1621, A bill for an act relating to public indebtedness; permitting the investment of debt service funds in face amount certificates; amending Minnesota Statutes 1984, sections 69.77, subdivision 2; and 136.31, subdivision 5.

The bill was read for the first time.

Dempsey moved that S. F. No. 1621 and H. F. No. 1751, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2060, A bill for an act relating to game and fish; establishing a special elk season; prescribing application for licenses, and application and license fees; providing for the removal and relocation of live elk; appropriating money to reimburse nongame wildlife fund for elk removal and relocation; dedicating license and application fees for elk depredation; amending Minnesota Statutes 1985 Supplement, section 98.46, subdivision

2; proposing coding for new law in Minnesota Statutes, chapter 100; repealing Laws 1985, chapter 272, section 2.

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

S. F. No. 1732, A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; limiting the total amount of maintenance and child support that an obligor may be liable for; limiting the percentage of income subject to income withholding; amending Minnesota Statutes 1984, sections 518.17, subdivisions 2, 4 and 5, and by adding a subdivision; 518.55, by adding a subdivision; 518.551, subdivision 5; 518.57; 518.611, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 518.611, subdivision 6; 518.64, subdivision 2; and 518.645; proposing coding for new law in Minnesota Statutes, chapter 518.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Dempsey moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1732 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Dempsey moved that the rules of the House be so far suspended that S. F. No. 1732 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1732 was read for the second time.

S. F. No. 1732 was reported to the House.

Dempsey moved to amend S. F. No. 1732, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 518.17, subdivision 2, is amended to read:

Subd. 2. [FACTORS WHEN JOINT CUSTODY IS SOUGHT.] In addition to the factors listed in subdivision 1, where either joint legal or joint physical custody is contemplated or sought, the court shall consider the following relevant factors:

(a) The ability of parents to cooperate in the rearing of their children;

(b) Methods for resolving disputes regarding any major decision concerning the life of the child, and the parents' willingness to use those methods; and

(c) Whether it would be detrimental to the child if one parent were to have sole authority over the child's upbringing.

The court shall use a rebuttable presumption that upon request of either or both parties, joint legal custody is in the best interests of the child.

Sec. 2. Minnesota Statutes 1984, section 518.17, is amended by adding a subdivision to read:

Subd. 6. [DEPARTURE FROM GUIDELINES BASED ON JOINT CUSTODY.] An award of joint legal custody is not a reason for departure from the guidelines in section 518.551, subdivision 5.

Sec. 3. Minnesota Statutes 1984, section 518.175, is amended by adding a subdivision to read:

Subd. 6. [COMPENSATORY VISITATION.] If the court finds that the noncustodial parent has been wrongfully deprived of the duly established right to visitation, the court shall order the custodial parent to permit additional visits to compensate for the visitation of which the noncustodial parent was deprived. Additional visits must be:

(1) of the same type and duration as the wrongfully denied visit;

(2) taken within one year after the wrongfully denied visit; and

(3) at a time acceptable to the noncustodial parent.

Sec. 4. Minnesota Statutes 1984, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support (BY MULTIPLYING) as provided in this subdivision. The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct. The court shall approve a child support agreement of the parties if each party

is represented by independent counsel, unless the agreement is not in the interest of justice. In other cases the court shall order child support in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom.

The court shall multiply the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401- 500	14%	17%	20%	22%	24%	26%	28%
\$501- 550	15%	18%	21%	24%	26%	28%	30%
\$551- 600	16%	19%	22%	25%	28%	30%	32%
\$601- 650	17%	21%	24%	27%	29%	32%	34%
\$651- 700	18%	22%	25%	28%	31%	34%	36%
\$701- 750	19%	23%	27%	30%	33%	36%	38%
\$751- 800	20%	24%	28%	31%	35%	38%	40%
\$801- 850	21%	25%	29%	33%	36%	40%	42%
\$851- 900	22%	27%	31%	34%	38%	41%	44%
\$901- 950	23%	28%	32%	36%	40%	43%	46%
\$951- 1000	24%	29%	34%	38%	41%	45%	48%
\$1001-(6000) 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of (\$6001) \$4001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of (\$6000) \$4000.

Net Income defined as:

Total monthly
income less

*((1)) (i) Federal Income Tax

*((2)) (ii) State Income Tax

((3)) (iii) Social Security
Deductions

((4)) (iv) (MANDATORY)
Reasonable Pension Deductions

***Standard**

- Deductions apply— ((5)) (v) Union Dues
 use of tax tables ((6)) (vi) Cost of Dependent
 recommended Insurance Coverage
 ((7)) (vii) Cost of Individual
 Health/Hospitalization Coverage
 or an (EQUIVALENT) Amount
 for Actual Medical Expenses
 (viii) *A Child Support or
 Maintenance Order that is
 Currently Being Paid.*

"Net income" does not include the income of the obligor's spouse.

((A)) (b) *In addition to the child support (PAYMENT) guidelines, the court shall take into consideration the following (CRITERIA) factors in setting or modifying child support:*

(1) all earnings, income, and resources of the (OBLIGOR) parents, including real and personal property;

((2) THE BASIC LIVING NEEDS OF THE OBLIGOR;)

((3)) (2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported; (AND)

(3) *the standards of living the child would have enjoyed had the marriage not been dissolved.*

(4) the amount of the aid to families with dependent children grant for the child or children; and

(5) *the parents' debts as provided in paragraph (c).*

((B)) (c) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) *the court determines that the debt was reasonably incurred for necessary support of the child or (OBLIGEE) parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and*

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid (; AND)

((4) THE COURT DETERMINES THAT THE DEBT WAS LEGITIMATELY INCURRED FOR THE NECESSARY SUPPORT OF THE CHILD OR OBLIGEE OR FOR THE NECESSARY GENERATION OF INCOME).

Any schedule prepared under paragraph ((B)) (c), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

(THE COURT SHALL ORDER CHILD SUPPORT IN ACCORDANCE WITH THE GUIDELINES AND ANY DEPARTURE THEREFROM.) Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

((C) PREVIOUS SUPPORT ORDERS AND MAINTENANCE ORDERS MAY BE CONSIDERED IF THE OBLIGOR IS PAYING THEM.)

(d) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(e) The above guidelines are binding in each case unless the court makes express findings of fact as to the reason for departure below *or above* the guidelines (IN THAT CASE IN WHICH THE COURT ORDERS SUPPORT THAT SO DEVIATES FROM THE GUIDELINES). (IT MAY ALSO INCREASE THE AMOUNT OF CHILD SUPPORT BY MORE THAN THE GUIDELINES WITHOUT MAKING EXPRESS FINDINGS BY AGREEMENT OF THE PARTIES OR BY MAKING FURTHER FINDINGS.)

Sec. 5. Minnesota Statutes 1984, section 518.57, is amended to read:

518.57 [MINOR CHILDREN, SUPPORT.]

Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation or annulment, the court may make a further order which is just and proper concerning the maintenance of the minor children as (IS) provided by section 518.17, and for the maintenance of any child of the parties as defined in section 518.54, as support money, and may make the same a lien or charge upon the property of the parties to the proceeding, or either of them, either at the time of the entry of the judgment or by subsequent order upon proper application (THEREFOR).

Subd. 2. [SEASONAL INCOME.] The court shall establish the annual support of an obligor with a seasonal income so that the obligor makes either the same monthly payments throughout the year or monthly payments that reflect variations in income.

Sec. 6. Minnesota Statutes 1984, section 518.611, is amended by adding a subdivision to read:

Subd. 10. [ORDER TERMINATING INCOME WITHHOLDING.] Whenever an obligation for support of a child or maintenance of a spouse, or both, terminates under the terms of the order or decree establishing the obligation, and where the obligation is enforced by an order for income withholding from the obligor, the court shall enter an order, directed to the obligor's employer or other payer of funds, which terminates the income withholding. The order terminating income withholding must specify the effective date of the order, referencing the initial order or decree establishing the support obligation.

The order must be entered once the following conditions have been met:

(1) the obligor serves written notice of the application for termination of income withholding by mail upon the obligee at the obligee's last known mailing address; and a duplicate copy of the application is served upon the public authority responsible for the processing of support collection services;

(2) the application for termination of income withholding specifies the event that terminates the support obligation, the effective date of the termination of the support obligation, and the applicable provisions of the order or decree that established the support obligation;

(3) the application includes the complete name of the obligor's employer or other payer of funds, the business mailing address, the court action and court file number, and the support and collections file number, if known; and

(4) after receipt of the application for termination of income withholding, the obligee or the public authority fails within 20 days to request a hearing on the issue of whether income with-

holding of support should continue clearly specifying the basis for the continued support obligation and, ex parte, to stay the service of the order terminating income withholding upon the obligor's employer or other payer of funds, pending the outcome of the hearing.

Sec. 7. [518.619] [CONTESTED CUSTODY; MEDIATION SERVICES.]

Subdivision 1. [MEDIATION PROCEEDING.] Except as provided in subdivision 2, if it appears on the face of the petition or other application for an order or modification of an order for the custody of a child that custody is contested, the matter may be set for mediation of the contested issue prior to or concurrent with setting the matter for hearing. The purpose of the mediation proceeding is to reduce acrimony which may exist between the parties and to develop an agreement assuring the child's close and continuing contact with both parents after the marriage is dissolved. The mediator shall use best efforts to effect a settlement of the custody dispute.

Subd. 2. [EXCEPTION.] If the court determines that there is probable cause that one of the parties, or a child of a party, has been physically or sexually abused by the other party, the court shall not require mediation.

Subd. 3. [MEDIATOR APPOINTMENT.] In order to participate in a custody mediation, a mediator must be appointed by the family court. A mediator must be a member of the professional staff of a family court, probation department, mental health services agency, or a private mediation service. The mediator must be on a list of mediators approved by the court having jurisdiction of the matter, unless the parties stipulate to a mediator not on the list.

Subd. 4. [MEDIATOR QUALIFICATIONS.] A mediator who performs mediation in contested child custody matters shall meet the following minimum qualifications:

(a) knowledge of the court system and the procedures used in contested child custody matters;

(b) knowledge of other resources in the community to which the parties to contested child custody matters can be referred for assistance;

(c) knowledge of child development, clinical issues relating to children, the effects of marriage dissolution on children, and child custody research; and

(d) a minimum of 40 hours of certified mediation training.

Subd. 5. [RECORDS; PRIVATE DATA.] Mediation proceedings shall be conducted in private. All records of a mediation proceeding shall be private and not available as evidence in an action for marriage dissolution and related proceedings on any issue in controversy in the dissolution.

Subd. 6. [MEDIATOR RECOMMENDATIONS.] When the parties have not reached agreement as a result of the mediation proceeding, the mediator may recommend to the court that an investigation be conducted under section 518.167, or that other action be taken to assist the parties to resolve the controversy before hearing on the issues. The mediator may conduct the investigation. The mediator may recommend that mutual restraining orders be issued in appropriate cases, pending determination of the controversy, to protect the well-being of the children involved in the controversy.

Subd. 7. [MEDIATION AGREEMENT.] An agreement reached by the parties as a result of mediation shall be discussed by the parties with their attorneys, if any, and the approved agreement may then be included in the marital dissolution decree or other stipulation submitted to the court.

Subd. 8. [RULES.] Each court shall adopt rules to implement this section, and shall compile and maintain a list of mediators.

Sec. 8. Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] The terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost-of-living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair. On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court shall take into consideration the needs of the children and *shall not consider* the financial circumstances of each party's spouse, if any. A modification which decreases support or maintenance may be made retroactive only upon a showing that any failure to pay in accord with the terms of the original order was not willful. A modification which increases support or maintenance shall not be made retroactive if the obligor has substantially complied with the previous order. Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section

518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgement under the laws of this state. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

Sec. 9. [REPEALER.]

Minnesota Statutes 1984, section 518.17, subdivisions 4 and 5, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Section 7 is effective January 1, 1987."

Delete the title and insert:

"A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; amending Minnesota Statutes 1984, sections 518.17, subdivision 2, and by adding a subdivision; 518.175, by adding a subdivision; 518.551, subdivision 5; 518.57; 518.611, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.17, subdivisions 4 and 5."

The motion prevailed and the amendment was adopted.

S. F. No. 1732, A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; limiting the total amount of maintenance and child support that an obligor may be liable for; limiting the percentage of income subject to income withholding; amending Minnesota Statutes 1984, sections 518.17, subdivisions 2, 4 and 5, and by adding a subdivision; 518.55, by adding a subdivision; 518.551, subdivision 5; 518.57; 518.611, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 518.611, subdivision 6; 518.64, subdivision 2; and 518.645; proposing coding for new law in Minnesota Statutes, chapter 518.

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

The question was taken on the passage of the bill and the roll was called. There were 119 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Jaros McLaughlin Onnen Staten

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

FIRST READING OF SENATE BILLS, Continued

S. F. No. 2179, A bill for an act relating to commerce; consumer protection; requiring the repair, refund, or replacement of new motor vehicles and new farm tractors under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended; proposing coding for new law in Minnesota Statutes, chapter 325F.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Thorson moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2179 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Thorson moved that the rules of the House be so far suspended that S. F. No. 2179 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2179 was read for the second time.

S. F. No. 2179, A bill for an act relating to commerce; consumer protection; requiring the repair, refund, or replacement of new motor vehicles and new farm tractors under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended; proposing coding for new law in Minnesota Statutes, chapter 325F.

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

The question was taken on the passage of the bill and the roll was called. There were 116 yeas and 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dimler	Dyke	Thiede	Tunheim	Uphus
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The bill was passed and its title agreed to.

CALL OF THE HOUSE

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

Anderson, R.	Beard	Bennett	Boo	Brown
Backlund	Becklin	Bishop	Brandl	Burger
Battaglia	Begich	Blatz	Brinkman	Carlson, D.

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

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 following conference committee reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1782

A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.55; 378.56; and 378.57; proposing coding for new law in Minnesota Statutes, chapter 378; repealing Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; and 378.53.

March 15, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1782, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1782 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [378.401] [CITATION.]

Sections 2, 7, and 378.41 to 378.57 may be cited as the lake improvement district act.

Sec. 2. [378.405] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2, 7, and 378.41 to 378.57.

Subd. 2. [BOARD.] "Board" means county board.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.

Subd. 4. [DISTRICT.] "District" means a lake improvement district.

Subd. 5. [JOINT COUNTY AUTHORITY.] "Joint county authority" means a joint county authority formed by county boards under section 378.44.

Subd. 6. [PROPERTY OWNER.] "Property owner" means the owner of real property within the district or the buyer under contract for deed of property in the district.

Sec. 3. Minnesota Statutes 1984, section 378.41, is amended to read:

378.41 [(ESTABLISHMENT OF LAKE IMPROVEMENT DISTRICTS) ADMINISTRATION BY COMMISSIONER.]

Subdivision 1. [PURPOSE.] (a) In furtherance of the policy declared in section 378.31, the commissioner (OF NATURAL RESOURCES) shall coordinate and supervise a local-state program for the establishment of lake improvement districts by counties (AND CITIES) for lakes located within their boundaries based on state guidelines and regulations and compatible with all state, regional, and local plans where (SUCH) *the* plans exist.

(b) In administration of this program the commissioner of natural resources shall consult with and obtain advice from other state agencies on those aspects of the program for which the agencies have specific legislative authority including but not limited to the department of health and the pollution control agency.

Subd. 2. [RULES.] The commissioner (OF NATURAL RESOURCES, BEFORE APRIL 1, 1979,) shall (PROMULGATE) *adopt permanent and emergency rules (PURUSANT TO CHAP-*

TER 15 WHICH) to provide guidelines, criteria and standards for establishment of lake improvement districts by counties (AND CITIES).

(SUBD. 3. IN ORDER TO FINANCE THE DEVELOPMENT AND IMPLEMENTATION OF PROGRAMS FOR WATER AND RELATED LAND RESOURCES MANAGEMENT PURSUANT TO SECTIONS 378.31 TO 378.32, THE COUNTY BOARD OF ANY COUNTY MAY DESIGNATE AREAS WITHIN THE COUNTY, INCLUDING BODIES OF WATER AND RELATED LAND AREAS, AS LAKE IMPROVEMENT DISTRICTS.)

Sec. 4. Minnesota Statutes 1984, section 378.42, is amended to read:

378.42 [(CREATION) INITIATION AND ESTABLISHMENT BY COUNTY BOARD.]

Subdivision 1. [RESOLUTION OF INTENT.] The county board may (ESTABLISH) *initiate the establishment of a lake improvement district in a portion of the county (BY ADOPTION OF AN APPROPRIATE RESOLUTION) under this section. The board must adopt a resolution declaring the intent of the board to establish a lake improvement district. The resolution (SHALL) must:*

(1) *specify the (TERRITORIAL) boundaries of the (AREA) district, which shall be encouraged to be as consistent as (POSSIBLE) practical with natural hydrologic boundaries (,);*

(2) *prescribe the (TYPE OR TYPES OF) water and related land resource management programs to be undertaken in the (AREA, A STATEMENT OF THE MEANS BY WHICH) district;*

(3) *state how the programs will be financed (, AND A DESIGNATION OF);*

(4) *designate the county officer or agency (WHO) that will be responsible for supervising the programs; and*

(5) *set a date for a hearing on the resolution.*

Subd. 1a. [NOTICE TO TOWN BOARD.] *The county board shall, at least 30 days before making an order establishing a lake improvement district, send the town board of a town wholly or partially within the boundaries of the proposed district a copy of the resolution to the town board and encourage the town board to respond to the proposed creation of the district.*

Subd. 2. [HEARING.] (BEFORE THE ADOPTION OF SUCH A RESOLUTION,) The county board (SHALL) *must* hold a public hearing on (THE QUESTION OF) whether (OR NOT) a lake improvement district (SHALL) *should* be established. Before the date set for the hearing, any interested person may file (HIS) objections to the formation of (SUCH) *the* district with the county auditor. At the hearing, any interested person may offer objections, criticisms, or suggestions (AS TO) *about* the necessity of the proposed district (AS OUTLINED) and (TO THE QUESTION OF WHETHER HIS) *how the person's* property will be benefited or affected by the establishment of the district.

Subd. 3. [ESTABLISHMENT.] (FOLLOWING THE HEARING,) (a) *The county board may establish a lake improvement district, by order, after making findings, if* (IT APPEARS TO) the board (, AFTER CONSIDERATION OF ALL TESTIMONY,) *determines that the:*

(1) proposed district is necessary or that the public welfare will be promoted by the establishment of the district (, THAT THE);

(2) property to be included in the district will be benefited by (THE ESTABLISHMENT THEREOF, AND THAT THE) *establishing the district; and*

(3) formation of the (PROPOSED) district will not cause or contribute to long range environmental pollution (, THE COUNTY BOARD, BY FORMAL ORDER, SHALL DECLARE ITS FINDINGS, SHALL ESTABLISH THE BOUNDARIES OF THE DISTRICT AND SHALL DECLARE THE DISTRICT ORGANIZED AND GIVE IT A CORPORATE NAME BY WHICH IT SHALL BE KNOWN).

(b) *The order establishing the district must state the board's findings and specify or prescribe those matters contained in subdivision 1, paragraphs (1) to (4).*

Sec. 5. Minnesota Statutes 1984, section 378.43, is amended to read:

378.43 [INITIATION BY PETITION (FOR CREATION) AND ESTABLISHMENT BY COUNTY BOARD.]

Sudivision 1. [PETITION.] (A PETITION SIGNED BY 51 PERCENT OF THE RESIDENT OWNERS AS DEFINED IN SECTION 112.35, SUBDIVISION 21, WITHIN THE PROPOSED LAKE IMPROVEMENT DISTRICT AS SPECIFIED IN THE PETITION SHALL BE FILED WITH THE COUNTY CLERK AND ADDRESSED TO THE BOARD REQUESTING THE ESTABLISHMENT OF A LAKE IMPROVEMENT DIS-

TRICT TO DEVELOP AND PROVIDE A PROGRAM OF WATER AND RELATED LAND RESOURCES MANAGEMENT. GOVERNMENTAL SUBDIVISIONS, OTHER THAN THE STATE OR FEDERAL GOVERNMENTS, OWNING LANDS WITHIN THE PROPOSED DISTRICT ARE ELIGIBLE TO SIGN THE PETITION.)

(THE PETITION SHALL SET FORTH THE FOLLOWING:)

((1) THE NAME OF THE PROPOSED DISTRICT;)

((2) THE NECESSITY FOR THE PROPOSED DISTRICT SO THAT THE PUBLIC HEALTH OR PUBLIC WELFARE WILL BE PROMOTED BY THE ESTABLISHMENT OF THE DISTRICT AND THAT THE LANDS TO BE INCLUDED THEREIN WILL BE BENEFITED BY THE ESTABLISHMENT OR ACCOMPLISH ANY OF THE PURPOSES OF A LAKE IMPROVEMENT DISTRICT;)

((3) THE BOUNDARIES OF THE TERRITORY, WHICH SHALL BE AS CONSISTENT AS POSSIBLE WITH NATURAL HYDROLOGIC BOUNDARIES, TO BE INCLUDED IN THE PROPOSED DISTRICT;)

((4) A MAP OF THE PROPOSED DISTRICT;)

((5) THE NUMBER OF MANAGERS PROPOSED FOR THE DISTRICT. THE MANAGERS SHALL NOT BE LESS THAN THREE NOR MORE THAN FIVE AND BE SELECTED FROM A LIST OF TEN NOMINEES; AND)

((6) A REQUEST FOR THE ORGANIZATION OF THE DISTRICT AS PROPOSED.) *(a) A lake improvement district may be initiated by a petition to the county board. The petition must state:*

(1) the name of the proposed lake improvement district;

(2) the necessity of the proposed district to promote public health or public welfare;

(3) the benefits to property from the establishment of the lake improvement district;

(4) the boundaries of the proposed district which shall be encouraged to be as consistent as possible with natural hydrologic boundaries;

(5) a map of the proposed district;

(6) *the number, from five to nine, of directors proposed for the district; and*

(7) *a request for establishing the district as proposed.*

(b) *A petition must be signed by 26 percent of the property owners within the proposed lake improvement district described in the petition. Governmental subdivisions, other than the state or federal governments, owning lands within the proposed district are eligible to sign the petition.*

(c) *The petition must be filed with the county auditor and addressed to the board requesting the board to establish of a lake improvement district to develop and provide a program of water and related land resources management.*

(d) *The county board shall, at least 30 days before it acts on a petition, send the town board of a town wholly or partially within the boundaries of a proposed district a copy of the petition submitted under subdivision 1 and encourage the town board to respond to the proposed creation of the district.*

Subd. 2. [HEARING.] (UPON RECEIPT OF THE PETITION, AND VERIFICATION OF THE SIGNATURES THEREON BY THE COUNTY AUDITOR, THE COUNTY BOARD SHALL, WITHIN 30 DAYS FOLLOWING VERIFICATION, HOLD A PUBLIC HEARING ON THE QUESTION OF WHETHER OR NOT THE REQUESTED LAKE IMPROVEMENT DISTRICT SHALL BE ESTABLISHED.) *After receiving the petition, the county auditor must verify the signatures and notify the county board. Within 30 days after being notified of the petition, the county board must hold a public hearing on whether the requested lake improvement district should be established.*

Subd. 3. [ESTABLISHMENT.] (WITHIN 30 DAYS FOLLOWING THE HOLDING OF A PUBLIC HEARING THE COUNTY BOARD BY RESOLUTION SHALL APPROVE OR DISAPPROVE THE ESTABLISHMENT OF THE REQUESTED LAKE IMPROVEMENT DISTRICT AND GIVE IT A CORPORATE NAME BY WHICH IT SHALL BE KNOWN. A RESOLUTION APPROVING THE CREATION OF THE LAKE IMPROVEMENT DISTRICT MAY CONTAIN MODIFICATIONS OF THE AREA'S BOUNDARIES, FUNCTIONS, FINANCING, OR ORGANIZATION FROM WHAT WAS SET FORTH IN THE PETITION.) *Within 30 days after holding the public hearing, the county board shall, by order, establish or deny the establishment of the petitioned lake improvement district. An order establishing a district must conform to section 7 and may modify the petition relating to the district's boundaries, functions, financing, or organization.*

Sec. 6. Minnesota Statutes 1984, section 378.44, is amended to read:

378.44 [(JOINT ACTION) ESTABLISHMENT OF A DISTRICT IN MORE THAN ONE COUNTY.] Where the natural hydrologic boundaries of (AN AREA) a *proposed district* extend into more than one county, the county boards of the counties affected may form a *joint county authority* and establish and maintain a lake improvement district jointly or cooperatively as provided in section 471.59 (, EITHER ON THEIR OWN MOTION OR PURSUANT TO PETITION). *The district may be initiated by the joint county authority in the same manner as a county board under section 378.42 or by petition to the affected county boards.*

Sec. 7. [378.455] [ORDER ESTABLISHING DISTRICT.]

An order by the county board or joint county authority establishing a district must state the:

- (1) *name of the district;*
- (2) *boundaries of the district, which are encouraged to be as consistent as practical with natural hydrologic boundaries;*
- (3) *water and related land resources management programs and services to be undertaken;*
- (4) *manner of financing programs and services; and*
- (5) *number, qualifications, terms of office, removal, and filling of vacancies of the board of directors.*

Sec. 8. Minnesota Statutes 1984, section 378.46, is amended to read:

378.46 [PUBLICATION AND EFFECTIVE DATE.]

(UPON PASSAGE OF A COUNTY BOARD RESOLUTION AUTHORIZING THE CREATION OF A LAKE IMPROVEMENT DISTRICT, THE COUNTY BOARD OR BOARDS SHALL CAUSE THE RESOLUTION TO BE PUBLISHED ONCE IN THE OFFICIAL NEWSPAPERS AND FILED WITH THE SECRETARY OF STATE, THE POLLUTION CONTROL AGENCY AND THE COMMISSIONER OF NATURAL RESOURCES. THE LAKE IMPROVEMENT DISTRICT SHALL BE DEEMED ESTABLISHED 30 DAYS AFTER PUBLICATION OR AT SUCH LATER DATE AS MAY BE SPECIFIED IN THE RESOLUTION.)

Subdivision 1. [PUBLICATION OF ESTABLISHMENT ORDER.] If a lake improvement district is established, the county

board, or joint county authority issuing the order establishing the district, shall publish the order once in the official newspapers of counties where the district is located and file the order with the secretary of state, the pollution control agency, and the commissioner of natural resources.

Subd. 2. [EFFECTIVE DATE.] Establishment of the lake improvement district is effective 30 days after publication or at a later date, if specified in the establishment order.

Sec. 9. Minnesota Statutes 1984, section 378.47, is amended to read:

378.47 [REFERENDUM ON ESTABLISHMENT.]

Subdivision 1. [PETITION.] (UPON RECEIPT OF A PETITION SIGNED BY TWENTY-FIVE PERCENT OF THE RESIDENT OWNERS WITHIN THE TERRITORY OF THE LAKE IMPROVEMENT DISTRICT SPECIFIED IN THE RESOLUTION ADOPTED PURSUANT TO SECTION 378.42 PRIOR TO THE EFFECTIVE DATE OF ITS CREATION AS SPECIFIED IN SECTION 378.46, THE COUNTY BOARD OR BOARDS SHALL HOLD THE CREATION IN ABEYANCE PENDING REFERENDUM VOTE OF ALL QUALIFIED VOTERS AND RESIDENT OWNERS RESIDING WITHIN THE BOUNDARIES OF THE PROPOSED LAKE IMPROVEMENT DISTRICT.) *Twenty-six percent of the property owners within the lake improvement district established by the board or a joint county authority on its own initiative under section 378.42 may petition for a referendum on establishing the district before the effective date of its establishment. After receiving the petition, the county board or joint county authority must issue an order staying the establishment until a referendum vote is taken of all qualified voters and property owners within the proposed lake improvement district.*

Subd. 2. [ELECTION.] *The county board or (BOARDS) joint county authority shall (MAKE ARRANGEMENTS FOR THE HOLDING OF) conduct a special election (NOT LESS THAN 30 NOR MORE THAN 90 DAYS) in July or August after (RECEIPT OF SUCH) receiving the referendum petition. The special election must be held within (THE BOUNDARIES OF) the proposed lake improvement district (SPECIFIED IN THE RESOLUTION ADOPTED PURSUANT TO SECTION 378.42). (IF A GENERAL ELECTION WILL BE HELD WITHIN THE TIME SPECIFIED, THE VOTE ON CREATION MAY BE HELD AS PART OF THE GENERAL ELECTION.)* The county auditor shall administer the *special election*.

Subd. 3. [QUESTION SUBMITTED TO VOTERS.] *The question to be submitted and voted upon by the qualified voters and (RESIDENT) property owners within (THE TERRITORY*

OF) the proposed lake improvement district (SHALL) *must be (PHRASED) stated* substantially as follows:

“(SHALL) *Should* a lake improvement district be established (IN ORDER) to provide (*description of intended water and related land resources improvements*) and financed by (*description of revenue sources*)?”

Subd. 4. [CERTIFICATION OF VOTE AND ESTABLISHMENT.] (UPON CERTIFICATION OF THE VOTE BY) The county auditor (,) *must certify the vote on the question submitted.* If a majority of those voting on the question favor (CREATION OF) *establishing* the proposed lake improvement district, the (LAKE IMPROVEMENT) *stay on establishing* the district (SHALL BE DEEMED CREATED) *is lifted.* If a majority of those voting on the question do not favor *establishing* the proposed lake improvement district, the establishment is *denied.*

Sec. 10. Minnesota Statutes 1984, section 378.51, is amended to read:

378.51 [BOARD OF DIRECTORS.]

Subdivision 1. [MEMBERSHIP.] After (CREATION OF) a lake improvement district *is established,* the county board or (BOARDS) *joint county authority* shall appoint persons to serve as (A) *an initial* board of directors for the (LAKE IMPROVEMENT) district. The number, qualifications, terms of office, removal, and filling of vacancies of directors shall be as provided in the (RESOLUTION) *order* creating the board of directors. The initial (BOARD) *and all subsequent boards* of directors (SHALL) *must* include persons owning property within the district, (AT LEAST ONE OF WHOM IS A RESIDENT) *and a majority of the directors must be residents* of the district.

Subd. 2. [COMPENSATION.] The directors shall serve (WITHOUT) *with* compensation (BUT) *as determined by the property owners at the annual meeting* and may be reimbursed for their actual expenses necessarily incurred in the performance of their duties in the manner provided for county employees.

Subd. 3. [POWERS.] (WHEN DIRECTED BY RESOLUTION OF THE COUNTY BOARD OR BOARDS CREATING IT, THE BOARD OF DIRECTORS SHALL HAVE, EXERCISE, AND PERFORM THE POWERS AND DUTIES OF THE COUNTY BOARD UNDER SECTION 378.31, EXCEPT THE POWER TO ACQUIRE PROPERTY BY EMINENT DOMAIN) *County boards, joint county authorities, statutory and home rule cities, and towns may, by order, delegate the powers in this section to the board of directors of a district to be exercised within the district. Programs and services undertaken must be consistent with the statewide water and related land re-*

sources plan prepared by the commissioner of natural resources, and with regional water and related resources plans. A body of water may not be improved by using authority granted under this section unless the public has access to some portion of the shoreline. County boards, joint county authorities, statutory and home rule cities, and towns may delegate their authority to a district board of directors to:

(1) acquire by gift or purchase an existing dam or control works that affects the level of waters in the district;

(2) construct and operate water control structures that are approved by the commissioner of natural resources under section 105.42;

(3) undertake projects to change the course current or cross section of public waters that are approved by the commissioner of natural resources under section 105.42;

(4) acquire property, equipment, or other facilities, by gift or purchase to improve navigation;

(5) contract with a board of managers of a watershed district within the lake improvement district or the board of supervisors of a soil and water conservation district within the district for improvements under chapters 40 and 112;

(6) undertake research to determine the condition and development of the body of water and the water entering it and to transmit the studies to the pollution control agency and other interested authorities;

(7) develop and implement a comprehensive plan to eliminate water pollution;

(8) conduct a program of water improvement and conservation;

(9) construct a water, sewer, or water and sewer system in the manner provided by section 444.075 or other applicable laws;

(10) receive financial assistance from and participate in projects or enter into contracts with federal and state agencies for the study and treatment of pollution problems and related demonstration programs;

(11) make cooperative agreements with the United States or state government or other county or city to effectuate water and related land resource programs;

(12) maintain public beaches, public docks, and other public facilities for access to the body of water;

(13) *provide and finance a government service of the county or statutory or home rule city that is not provided throughout the county or, if the government service is provided, the service is at an increased level within the district; and*

(14) *regulate water surface use as provided in section 378.32.*

Sec. 11. Minnesota Statutes 1984, section 378.52, is amended to read:

378.52 [FINANCING.]

Subdivision 1. [REVENUE.] The county board or (BOARDS IN ORDER TO ACCOMPLISH THE PURPOSES SPECIFIED IN THE RESOLUTION CREATING A LAKE IMPROVEMENT DISTRICT) *joint county authority* may undertake projects of improvement consistent with (THESE) purposes (AND) *of the district. To finance projects and services of the district, the county board or joint county authority may:*

(1) *assess the costs of the projects upon benefited property within the district in the manner provided (IN) under chapter 429 (, MAY);*

(2) *impose service charges on the users of lake improvement district services within the (AREA, AND MAY) district;*

(3) *issue obligations as provided in section 429.091;*

(4) *levy an ad valorem tax solely on property (SITUATED) within the lake improvement district, to be appropriated and expended solely on projects of special benefit to the (AREA,) district; or*

(5) *may impose or issue any combination of service charges, special assessments, obligations, and taxes.*

Subd. 2. [TAX EXCLUDED FROM OTHER LIMITATIONS.] The tax (PROVIDED FOR BY) *under subdivision 1 (SHALL NOT BE SUBJECT TO ANY) is excluded from statutory (LIMITATION AS TO) limitations on the amount of taxes levied and (SHALL) does not affect the amount or rate of taxes that may be levied for other county purposes. (SUCH) A tax under subdivision 1 may be in addition to (ANY) amounts levied (UPON) on all taxable property in the county for the same or similar purposes.*

Subd. 3. [BUDGETING FOR OPERATIONS.] (UPON ADOPTION OF ITS ANNUAL BUDGET,) *The county board or county boards forming the joint county authority shall include appropriate provisions in its budget for the operation of (THE) a lake improvement district.*

Sec. 12. Minnesota Statutes 1984, section 378.54, is amended to read:

378.54 [ENFORCEMENT OF ORDINANCES.]

Where a lake improvement district has been established by *joint county action under section 378.44* or order of the commissioner of natural resources under section 378.45, ordinances and regulations adopted by joint action of the affected county boards may be enforced in any part of the lake improvement district by personnel of any of the affected counties.

Sec. 13. Minnesota Statutes 1984, section 378.55, is amended to read:

378.55 [EXPANSION OF THE BOUNDARIES OF A LAKE IMPROVEMENT DISTRICT.]

(A COUNTY BOARD, ON ITS OWN MOTION OR PURSUANT TO PETITION, MAY ENLARGE ANY EXISTING LAKE IMPROVEMENT DISTRICT PURSUANT TO THE PROCEDURES SPECIFIED IN) *The boundary of a district may be enlarged by complying with the procedures to establish a district under sections 378.41 to 378.46.*

Sec. 14. Minnesota Statutes 1984, section 378.56, is amended to read:

378.56 [TERMINATION.]

Subdivision 1. [PETITION.] (UPON RECEIPT OF A) *Termination of a district may be initiated by petition requesting the termination of the district. The petition must be signed by (51) 26 percent of the (RESIDENT) property owners (WITHIN THE TERRITORY OF THE LAKE IMPROVEMENT DISTRICT REQUESTING THE TERMINATION OF THE LAKE IMPROVEMENT DISTRICT,) in a district within 30 days after receiving a petition. The county board or (BOARDS SHALL WITHIN 30 DAYS AFTER RECEIPT OF SUCH A PETITION, BY ITS ORDER FIX) joint county authority must set a time and place (,) for a hearing (THEREON) on terminating the district.*

Subd. 1a. [FINDINGS AND ORDER.] If the board or (BOARDS) joint county authority determine that the existence of the district is no longer in the public welfare or public interest and it is not needed to accomplish the purpose of sections 378.31 to 378.57 the board or (BOARDS) joint county authority shall (BY ITS) make the findings and (ORDER) terminate the district by order. Upon filing a certified copy of the findings and order with the secretary of state, pollution control agency, and

commissioner of natural resources the district (SHALL CEASE) *is terminated and ceases* to be a political subdivision of the state.

Subd. 2. [TERMINATION OF FINANCING.] If a (LAKE IMPROVEMENT) district is terminated (PURSUANT TO) *under* subdivision 1, (NO) additional water and related land resource management programs (SHALL) *may not* be undertaken with money raised by a special tax within the district, and (NO) additional special water and related land resource management taxes (SHALL) *may not* be levied within the district. (WHEN) *If* money raised by past special tax levies within the district has been exhausted, further operation and maintenance of existing programs may be financed by appropriations from the general revenue fund of (THE) *an affected* county.

Sec. 15. Minnesota Statutes 1984, section 378.57, is amended to read:

378.57 [ANNUAL MEETING OF DISTRICT.]

Subdivision 1. [TIME.] (EVERY LAKE IMPROVEMENT) A district (SHALL) *must* have an annual meeting. The first annual meeting shall be scheduled during the months of July or August, and (SHALL) be held annually (THEREAFTER) *in that period* unless changed by vote of the previous annual meeting.

((1)) *Subd. 2.* [NOTICE.] The annual meeting shall be preceded by written notice mailed at least ten days in advance of the meeting to all (RESIDENT) *property* owners within the district and to the pollution control agency and commissioner of natural resources.

((2)) *Subd. 3.* [AGENDA.] *At the annual meeting the district property owners present* shall:

((A)) (1) elect one or more directors to fill vacancies in the (DISTRICT) board (.) *of directors*;

((B)) (2) approve a budget for the (COMING) *fiscal* year (.);

((C)) (3) approve or disapprove (ALL) proposed projects by the district having a cost to the district in excess of \$5,000 (, BY VOTE OF THE RESIDENT OWNERS WITHIN THE DISTRICT.); *and*

((D)) (4) take up and consider (SUCH) other business as comes before it.

Sec. 16. Minnesota Statutes 1984, section 459.20, is amended to read:

459.20 [AUTHORITY OVER PUBLIC WATERS.]

The governing body of any home rule charter or statutory city or town in the state has, with respect to any body of water situated wholly within its boundaries, all the powers to improve and regulate the use of such body of water as are conferred on county boards by sections 378.31 and 378.32, and to establish and administer lake improvement districts under sections (378.41) 378.401 to 378.57. With respect to any body of water situated wholly within the contiguous boundaries of two or more home rule charter or statutory cities or towns or any combination thereof, the city councils and town boards may, under the provisions of section 471.59, jointly exercise such powers to improve and regulate the use of the body of water as are conferred on county boards by sections 378.31 and 378.32, and to establish and administer lake improvement districts as provided under sections (378.41) 378.401 to 378.57, provided that, no home rule charter or statutory city or town may establish and administer a lake improvement district or exercise any of the powers granted in this section if a lake improvement district covering the same territory has been created by a county board under sections (378.41) 378.401 to 378.57. References in sections 378.31 to 378.35 and (378.41) 378.401 to 378.57 to the county board shall be construed to refer to the governing body of a home rule charter or statutory city or the board of supervisors of a town.

Sec. 17. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall renumber section 378.57 as 378.545.

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 17 are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.54; 378.55; 378.56; 378.57; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378."

We request adoption of this report and repassage of the bill.

House Conferees: BOB ANDERSON, LYNN H. BECKLIN and LOREN G. JENNINGS.

Senate Conferees: COLLIN C. PETERSON, GENE MERRIAM and JOHN BERNHAGEN.

Anderson, R., moved that the report of the Conference Committee on H. F. No. 1782 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1782, A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.55; 378.56; and 378.57; proposing coding for new law in Minnesota Statutes, chapter 378; repealing Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; and 378.53.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1824

A bill for an act relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

March 14, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1824, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1824 be further amended as follows:

Pages 1 and 2, delete section 4

Page 4, delete section 11

Page 4, after line 9, insert:

"Sec. [AMENDMENT; VOLUME 8.]

Volume 8 of the Gender Revision of 1986 as adopted under section 1 is amended as follows:

Page 370, line 48, delete "*sexual capacity*" and insert "*virility.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after "subdivision" delete the rest of the line

Page 1, line 8, delete everything before the period

We request adoption of this report and repassage of the bill.

House Conferees: DAVID T. BISHOP, PAT PIPER and GORDON BACKLUND.

Senate Conferees: EMBER D. REICHGOTT, MARILYN M. LANTRY and LAWRENCE J. POGEMILLER.

Bishop moved that the report of the Conference Committee on H. F. No. 1824 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1824, A bill for an act relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 109 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kostohryz	Otis	Skoglund
Anderson, R.	Fjoslien	Krueger	Pappas	Solberg
Backlund	Forsythe	Levi	Pauly	Sparby
Battaglia	Frederick	Lieder	Peterson	Stanius
Beard	Frerichs	Long	Piepho	Staten
Becklin	Greenfield	McEachern	Piper	Sviggum
Begich	Gruenes	McLaughlin	Poppenhagen	Thorson
Bennett	Halberg	Metzen	Price	Tjornhom
Bishop	Hartinger	Minne	Quinn	Tomlinson
Blatz	Hartle	Munger	Rest	Tunheim
Boerboom	Haukoos	Murphy	Rice	Uphus
Brandl	Heap	Nelson, D.	Riveness	Valan
Brinkman	Himle	Nelson, K.	Rodosovich	Valento
Brown	Jacobs	Neuenschwander	Sarna	Vanasek
Burger	Jaros	Norton	Scheid	Vellenga
Carlson, L.	Jennings, L.	O'Connor	Schoenfeld	Voss
Clark	Johnson	Ogren	Schreiber	Waltman
Cohen	Kahn	Olsen, S.	Seaberg	Welle
Dempsey	Kalis	Olson, E.	Segal	Wenzel
Dimler	Kelly	Omann	Shaver	Wynia
Elioff	Knickerbocker	Onnen	Sherman	Spk. Jennings, D.
Ellingson	Knuth	Osthoff	Simoncau	

Those who voted in the negative were:

Clausnitzer	Kiffmeyer	Miller	Rees	Thiede
DenOuden	Marsh	Quist	Richter	Tompkins
Dyke	McPherson	Redalen	Schafer	Zaffke
Gutknecht				

The bill was repassed, as amended by Conference, and its title agreed to.

The Speaker resumed the Chair.

Anderson, G.; Johnson and Ozment were excused while in conference.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1860

A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

March 15, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1860, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1860 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 473.121, is amended by adding a subdivision to read:

Subd. 5a. "Metropolitan agency" means the metropolitan parks and open space commission, regional transit board, metropolitan transit commission, metropolitan waste control commission, metropolitan airports commission, and metropolitan sports facilities commission.

Sec. 2. Minnesota Statutes 1984, section 473.121, subdivision 6, is amended to read:

Subd. 6. "Local governmental unit" means any county, city, town, school district, special district or other political subdivisions or public corporation, other than *the council or a metropolitan (COMMISSION) agency*, lying in whole or part within the metropolitan area.

Sec. 3. Minnesota Statutes 1984, section 473.121, subdivision 11, is amended to read:

Subd. 11. "Independent commission, board or agency" means governmental entities with jurisdictions lying in whole or in part within the metropolitan area but not including (THE

METROPOLITAN COMMISSIONS REFERRED TO HEREIN)
agencies that are subject to the requirements of section 473.161.

Sec. 4. Minnesota Statutes 1984, section 473.123, subdivision 2a, is amended to read:

Subd. 2a. [TERMS.] Following each apportionment of council districts, as provided under subdivision 3a, (THE TERMS OF) council members (SHALL COMMENCE ON THE EFFECTIVE DATE OF THAT APPORTIONMENT,) *must be appointed from newly drawn districts* as provided in subdivision 3a. The terms of members are as follows: members representing even-numbered districts for terms ending the first Monday in January of the year ending in the numeral "7"; members representing odd-numbered districts for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member is four years, *with terms ending the first Monday in January*, except that all terms expire on the effective date of the next apportionment. A member shall continue to serve his district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the governor appoints 16 council members, one from each of the newly drawn council districts as provided under subdivision 3a, to serve terms as provided under this section. *The appointment to the council must be made by the first Monday in March of the year in which the term ends.*

Sec. 5. Minnesota Statutes 1984, section 473.123, subdivision 3, is amended to read:

Subd. 3. [MEMBERSHIP; APPOINTMENT; QUALIFICATIONS.] (a) (THE COUNCIL SHALL BE COMPOSED OF 16) *Sixteen members must be appointed by the governor from districts defined by this section.* (THE GOVERNOR SHALL APPOINT MEMBERS ON A NONPARTISAN BASIS AFTER CONSULTATION WITH ALL MEMBERS OF THE LEGISLATURE FROM THE COUNCIL DISTRICT FOR WHICH THE MEMBER IS TO BE APPOINTED. APPOINTMENTS ARE SUBJECT TO THE ADVICE AND CONSENT OF THE SENATE.) Each council member (SHALL) *must* reside in the council district which he represents. Each council district (SHALL) *must* be represented by one member of the council.

(b) In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms (SHALL) *must* be published in newspapers of general circulation in the metropolitan area and the appropriate districts. *The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which a member is to be appointed must be notified in writing. The notices must describe the appointments process and invite participation and recommendations on the appointment.*

(c) *The governor shall create a nominating committee, composed of seven metropolitan citizens appointed by the governor, to nominate persons for appointment to the council from districts. Three of the committee members must be local elected officials. Following the submission of applications as provided under section 15.0597, subdivision 5, the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor a list of nominees for each appointment. The governor is not required to appoint from the list.*

(d) *Before making an appointment, the governor shall consult with all members of the legislature from the council district for which the member is to be appointed.*

(e) *Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.*

(f) *Members of the council must be appointed to reflect fairly the various demographic, political, and other interests in the metropolitan area and the districts.*

(g) *Members of the council must be persons knowledgeable about urban and metropolitan affairs.*

Sec. 6. Minnesota Statutes 1984, section 473.123, subdivision 3a, is amended to read:

Subd. 3a. [APPORTIONMENT.] The legislature shall redraw the boundaries of the council districts after each decennial federal census so that each district has substantially equal population. Redistricting is effective on the first Monday in January in the year ending in the numeral "3." (WITHIN TWO MONTHS THEREAFTER) *By the first Monday in March of that year, the governor shall appoint members from the newly drawn districts to serve terms as provided under subdivision 2a.*

Sec. 7. [473.13] [BUDGET, FINANCIAL AID.]

Subdivision 1. [BUDGET.] *On or before October 1 of each year the council, after a public hearing, shall adopt a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the council shall certify*

to the auditor of each metropolitan county the county share of the tax, which must be an amount bearing the same proportion to the total levy agreed on by the council as the assessed valuation of the county bears to the assessed valuation of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.

Subd. 2. [COUNTY LEVIES.] *The auditor of each metropolitan county shall add the amount of any levy made by the council within the limits imposed by subdivision 1 to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the council in the same manner as other taxes are distributed to political subdivisions. The levy authorized by this section is in addition to any other county taxes authorized by law.*

Subd. 3. [FINANCIAL AID.] *The council may accept financial aid from governmental units within the metropolitan area, from the state or federal government, and from private donors, if the conditions under which it is offered are not incompatible with the provisions of this chapter.*

Subd. 4. [ACCOUNTS; AUDITS.] *The council shall keep an accurate account of its receipts and disbursements. Disbursements of council money must be made by check, signed by the chair or vice chair of the council and countersigned by its director or assistant director after whatever auditing and approval of the expenditure may be provided by rules of the council. The state auditor shall audit the books and accounts of the council once each year, or as often as funds and personnel of the state auditor permit. The council shall pay to the state the total cost and expenses of the examination, including the salaries paid to the auditors while actually engaged in making the examination. The revolving fund of the state auditor must be credited with all collections made for any examination.*

Sec. 8. Minnesota Statutes 1984, section 473.141, subdivision 1, is amended to read:

Subdivision 1. [(GENERAL) APPLICATION.] (METROPOLITAN COMMISSIONS SHALL BE ORGANIZED, STRUCTURED AND ADMINISTERED AS PRESCRIBED IN THIS SECTION) *This section applies to metropolitan agencies as provided in the enabling law of each agency.*

Sec. 9. Minnesota Statutes 1984, section 473.141, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP; APPOINTMENTS.] (a) *Each (COMMISSION SHALL CONSIST) agency consists of eight*

members, plus a chairman appointed as provided in subdivision 3. The metropolitan council shall appoint the eight members on a nonpartisan basis after consultation with the members of the legislature from the (COMMISSION) district for which the member is to be appointed. (APPOINTMENTS ARE SUBJECT TO THE ADVICE AND CONSENT OF THE SENATE.)

(b) *In addition to the notice required in section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. The council shall notify in writing the governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which the member is to be appointed. The notices must describe the appointment process and invite participation and recommendations on the appointment.*

(c) *The council shall establish an appointments committee, composed of members of the council, to screen and review candidates. Following the submission of (COMMISSION) member applications to the metropolitan council as provided under section 15.0597, subdivision 5, the (COUNCIL) appointments committee shall conduct (ONE OR MORE) public (HEARINGS ON THE MATTER OF THE APPOINTMENTS FOR THE COMMISSION DISTRICTS) meetings, following appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the council a written report that lists the persons who have applied or been nominated or recommended for the position, along with a description of the background and qualifications of each.*

((C)) (d) One member shall be appointed from each of the following (COMMISSION) agency districts:

(1) (COMMISSION) district A, consisting of council districts 1 and 2;

(2) (COMMISSION) district B, consisting of council districts 3 and 7;

(3) (COMMISSION) district C, consisting of council districts 4 and 5;

(4) (COMMISSION) district D, consisting of council districts 6 and 10;

(5) (COMMISSION) district E, consisting of council districts 8 and 9;

(6) (COMMISSION) district F, consisting of council districts 11 and 12;

(7) (COMMISSION) district G, consisting of council districts 13 and 14; and

(8) (COMMISSION) district H, consisting of council districts 15 and 16.

Sec. 10. Minnesota Statutes 1984, section 473.141, subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The chairman of each (COMMISSION) *agency* shall be appointed by the governor with the advice and consent of the senate (AND), shall be the ninth voting member (OF THE COMMISSION) and shall meet all qualifications established for members, except the chairman need only reside within the metropolitan area. *The council, by resolution after a public meeting on the subject, shall provide the governor with a list of nominees for the position.* Senate confirmation (SHALL BE) is as provided by section 15.066. The chairman shall preside at all meetings of the (COMMISSION) *agency*, if present, and shall perform all other duties and functions assigned to him by the (COMMISSION) *agency* or by law. Each (COMMISSION) *agency* may appoint from among its members a vice-chairman to act for the chairman during his temporary absence or disability.

Sec. 11. Minnesota Statutes 1984, section 473.141, subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] Each member shall be a resident of the commission district for which he is appointed and shall not during his term of office hold the office of metropolitan council member, or be a member of another metropolitan (COMMISSION) *agency subject to this section*, the metropolitan airports commission or the metropolitan sports facilities commission or hold any judicial office. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article 5, Section 5. Such oath, duly certified by the official administering the same, shall be filed with the executive director of the metropolitan council.

Sec. 12. Minnesota Statutes 1984, section 473.141, subdivision 4a, is amended to read:

Subd. 4a. [TERMS.] Following each apportionment of metropolitan council districts, as provided under section 473.123, subdivision 3a, (THE TERMS OF MEMBERS AND THE

CHAIRMAN OF EACH COMMISSION SHALL COMMENCE ON THE EFFECTIVE DATE OF THAT APPORTIONMENT,) *the metropolitan council, newly appointed as provided in section 473.123, subdivision 3a, shall appoint eight agency board members from newly drawn districts.* The terms of members and chairmen are as follows: members representing (COMMISSION) districts A, B, C, and D, and the chairman (OF EACH COMMISSION), for terms ending the first Monday in January of the year ending in the numeral "7"; members representing (COMMISSION) districts E, F, G, and H, for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member and the chairman is four years, *with terms ending the first Monday in January, except that all terms expire on the effective date of the next apportionment.* A chairman shall continue to serve until a successor is appointed and qualified. A member shall continue to serve his (COMMISSION) district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a appoints eight (COMMISSION) members as provided under subdivision 2, to serve terms as provided under this subdivision. *The appointments to the agency must be made by the first Monday in May of the year in which the term ends.*

Sec. 13. Minnesota Statutes 1984, section 473.146, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (WITHIN 12 MONTHS AFTER APRIL 12, 1974,) The council shall adopt (AFTER APPROPRIATE STUDY AND SUCH PUBLIC HEARINGS AS MAY BE NECESSARY, AS A PART OF ITS DEVELOPMENT GUIDE,) *a long-range comprehensive policy (PLANS) plan for each metropolitan (COMMISSION AND WHEN ADOPTED, THE POLICY PLANS SHALL BE FOLLOWED BY THE COUNCIL AND THE AFFECTED COMMISSIONS) agency required to prepare an implementation plan under section 473.161.* The plans (SHALL) *must* substantially conform to all policy statements, purposes, goals, standards, and maps in the development guide (SECTIONS AND COMPREHENSIVE PLANS AS) developed and adopted by the council (PURSUANT TO THE CHAPTERS OF THE MINNESOTA STATUTES DIRECTLY RELATING TO THE COUNCIL AND THE METROPOLITAN COMMISSIONS. IN PREPARING OR AMENDING A POLICY PLAN THE COUNCIL SHALL CONSULT WITH AND MAKE MAXIMUM USE OF THE EXPERTISE OF THE AFFECTED COMMISSION, AND EACH SUCH COMMISSION SHALL COOPERATE WITH AND MAKE ITS EMPLOYEES, RECORDS, STUDIES, PLANS AND OTHER INFORMATION AVAILABLE TO THE COUNCIL) *under chapter 473.* Each (SUCH) policy plan (SHALL) *must* include, to the extent appropriate to the functions, *services, and systems* covered (THEREBY), the following:

((A) A STATEMENT OF THE NEEDS OF THE METROPOLITAN AREA WITH RESPECT TO THE FUNCTIONS COVERED AND THE OBJECTIVE OF AND THE POLICIES TO BE FORWARDED BY THE POLICY PLAN;)

((B) A GENERAL DESCRIPTION OF THE PHYSICAL FACILITIES AND SERVICES TO BE DEVELOPED BY THE METROPOLITAN COMMISSION IN PERFORMING ITS FUNCTIONS;)

((C) A STATEMENT AS TO THE GENERAL LOCATION OF PHYSICAL FACILITIES AND SERVICE AREAS;)

((D) A GENERAL STATEMENT OF TIMING AND PRIORITIES IN THE DEVELOPMENT BY THE METROPOLITAN COMMISSION OF THOSE PHYSICAL FACILITIES AND SERVICE AREAS;)

((E) A GENERAL STATEMENT ON THE LEVEL OF PUBLIC EXPENDITURE BOTH CAPITAL AND OPERATING APPROPRIATE TO THE FACILITIES AND)

(1) forecasts of changes in the general levels and distribution of population, households, employment, land uses, and other relevant matters, for the metropolitan area and appropriate sub-areas, to be used in preparing the implementation plan of the affected metropolitan agency;

(2) a statement of issues, problems, needs, and opportunities with respect to the functions, services, and systems covered;

(3) a statement of the council's goals, objectives, and priorities with respect to the functions, services, and systems covered, addressing areas and populations to be served, the levels, distribution, and staging of services; a general description of the facility systems required to support the services, and other similar matters;

(4) a statement of policies to effectuate the council's goals, objectives, and priorities;

(5) a statement of the fiscal implications of the council's plan, including a statement of: (i) the resources available under existing fiscal policy; (ii) the adequacy of resources under existing fiscal policy and any shortfalls and unattended needs; (iii) additional resources, if any, that are or may be required to effectuate the council's goals, objectives, and priorities; and (iv) any changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the council has recommended or may recommend;

(6) *a statement of the standards, criteria, and procedures that the council will use in monitoring and evaluating the implementation of the plan;*

(7) *a statement of the matters that must be addressed in the implementation plan of the affected metropolitan agency;*

(8) *a statement of the relationship of the policy plan to other policy plans and chapters of the metropolitan development guide;*

((F)) (9) *a statement of the relationships to (ANY CURRENT) local comprehensive plans (AND ANY RELATED DEVELOPMENT PROGRAMS ON FILE WITH THE COUNCIL) prepared under sections 473.851 to 473.872; and*

((G) SUCH) (10) *additional general information as may be necessary to develop the policy plan or as may be required by the laws relating to the metropolitan (COMMISSION) agency and function covered by the policy plan (; AND)*

((H) A GENERAL STATEMENT RELATING TO FUTURE POPULATION, EMPLOYMENT LEVELS, AND LAND USE IN THE METROPOLITAN AREA AND IN THE INDIVIDUAL LOCAL GOVERNMENTAL UNITS LOCATED THEREIN, INCLUDING POPULATION DENSITIES AND ANTICIPATED RATES OF CHANGE IN SUCH DENSITIES).

Sec. 14. Minnesota Statutes 1984, section 473.146, subdivision 2, is amended to read:

Subd. 2. [CONSULTATION WITH AGENCY; PRE-DRAFTING NOTICE.] *In preparing or amending the policy plan, the council shall consult with and make maximum use of the expertise of the affected metropolitan agency. The agency shall cooperate with the council and make its records, studies, plans, and other information available to the council.*

Before beginning to prepare a substantial revision of a policy plan, the council shall publish notice and request comments from the public. At least 90 days before publication of the pre-drafting notice, the council shall submit a draft of the notice to the affected metropolitan agency for review and comment. The pre-drafting notice must include a statement of the subjects expected to be covered by the policy and implementation plans; a summary of important problems, issues, and matters that are expected to be addressed in the plans; and a summary of the studies and other information required as the basis of the plans. All interested persons must be afforded an opportunity to submit data or views on the pre-drafting notice, either orally or in writing.

Before adopting a policy plan or substantial revision thereof, the council shall submit the proposed plan to the affected metropolitan (COMMISSION) agency for its review, and the (COMMISSION) agency shall report its comments to the council within (60) 90 days (AND MAY, WITHIN THAT PERIOD REQUEST THE COUNCIL TO HOLD A SPECIAL PUBLIC HEARING FOR THE PURPOSE OF RECEIVING THE COMMISSION'S REPORT AND COMMENTS. WITHIN 60 DAYS AFTER THE SUBMISSION OF THE PROPOSED PLAN TO THE COMMISSION, ANY LOCAL GOVERNMENTAL UNIT MAY REQUEST A PUBLIC HEARING FOR THE PURPOSE OF RECEIVING TESTIMONY FROM LOCAL GOVERNMENTAL UNITS AND THE GENERAL PUBLIC CONCERNING THE PROPOSED POLICY PLAN PRIOR TO THE ADOPTION OF A POLICY PLAN. WITHIN A REASONABLE TIME, NOT TO EXCEED 60 DAYS, AFTER RECEIVING A REQUEST FOR A HEARING.).

Subd. 2a. [HEARING; ADOPTION.] The council shall hold a public hearing on the proposed policy plan at (SUCH) a time and place in the metropolitan area (AS IT SHALL DETERMINE) determined by the council. Not less than 15 days before the hearing, the council shall publish notice (THEREOF) in a newspaper or newspapers having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the proposed policy plan and (COMMISSION) agency comments may be examined by any interested person. At any hearing interested persons (SHALL) must be permitted to present their views on the policy plan, and the hearing may be continued from time to time. After receipt of the (COMMISSION'S) agency's report and (SUCH) the hearing, (IF ANY,) the council may revise the proposed plan giving appropriate consideration to all comments received, and thereafter shall adopt the plan by resolution.

Subd. 2b. [EFFECT.] Adopted policy plans must be followed by the council and the affected metropolitan agency.

Subd. 2c. [AMENDMENT.] An amendment to a policy plan may be initiated by the council or by an affected (COMMISSION) metropolitan agency. At least every (FOUR) five years the council shall engage in a comprehensive review of the policy plan and revise the plan as necessary. (DEVELOPMENT GUIDE SECTIONS, COMPREHENSIVE PLANS, CAPITAL IMPROVEMENT PROGRAMS AND OTHER PLANS IN SUBSTANTIAL CONFORMANCE WITH THE REQUIREMENTS OF SUBDIVISION 1 WHICH HAVE BEEN ADOPTED BY THE COUNCIL PURSUANT TO MINNESOTA STATUTES 1971, CHAPTERS 473A, 473B AND 473C, SHALL CONTINUE IN FORCE AND EFFECT UNTIL EXPRESSLY SUPERSEDED BY A POLICY PLAN ADOPTED PURSUANT TO THIS SUBDIVISION.) The council shall (NOT) amend a policy plan (EXCEPT) in accordance with the procedures (HEREIN) established in this section.

Sec. 15. Minnesota Statutes 1984, section 473.146, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION (POLICY PLAN) CHAPTER OF THE DEVELOPMENT GUIDE.] The (COUNCIL SHALL ADOPT A) transportation (POLICY PLAN AS A PART OF ITS COMPREHENSIVE DEVELOPMENT GUIDE AS PROVIDED IN SUBDIVISIONS 1 AND 2. THE REGIONAL TRANSIT BOARD SHALL PERFORM THE FUNCTIONS AND HAVE THE RESPONSIBILITY AND AUTHORITY PROVIDED FOR A METROPOLITAN COMMISSION. THE POLICY PLAN) *chapter* must include policies relating to all transportation forms and be designed to promote the legislative determinations, policies and goals set forth in section 473.371. In addition to the requirements of subdivision 1 regarding the contents of the policy plan, the (TRANSIT ELEMENTS OF THE PLAN MUST INCLUDE THE FOLLOWING:)

((1) A STATEMENT OF SERVICE OBJECTIVES, POLICIES, AND STANDARDS THAT SHOULD GOVERN THE DISTRIBUTION, COORDINATION, AND GENERAL LOCATION OF FACILITIES, SERVICES, AND SERVICE AREAS TO BE PLANNED, DEPLOYED, OR DEVELOPED BY OR UNDER THE DIRECTION OR AUSPICES OF THE TRANSIT BOARD;)

((2) A GENERAL STATEMENT OF TIMING AND PRIORITIES IN THE PLANNING, DEPLOYMENT, AND DEVELOPMENT OF SERVICES;)

((3) A STATEMENT OF THE POLICIES AND STANDARDS THAT SHOULD GOVERN THE LEVELS OF PUBLIC EXPENDITURE, BOTH CAPITAL AND OPERATING, FOR VARIOUS SERVICES AND SERVICE AREAS;)

((4) A STATEMENT OF THE POLICIES AND STANDARDS THAT SHOULD GOVERN TOTAL ANNUAL REGIONAL FUNDING LEVELS, THE SOURCES OF FUNDS, AND THE DISTRIBUTION OF FUNDS AMONG THE FACILITIES, SERVICES, AND SERVICE AREAS; AND)

((5) A DESCRIPTION OF THE CONTENTS THAT SHOULD BE INCLUDED IN THE IMPLEMENTATION PLANS PREPARED BY THE TRANSIT BOARD.)

(IN ADDITION TO THE REQUIREMENTS OF SUBDIVISIONS 1 AND 2 REGARDING THE USE OF THE EXPERTISE OF THE AFFECTED AGENCY, THE STATE TRANSPORTATION DEPARTMENT, METROPOLITAN TRANSIT COMMISSION, AND AFFECTED COUNTIES AND MUNICIPALITIES MAY PROVIDE TECHNICAL ASSISTANCE REQUESTED BY THE COUNCIL. THE COUNCIL SHALL

AMEND ITS POLICY PLAN TO CONFORM TO THE REQUIREMENTS OF THIS SUBDIVISION BY JANUARY 1, 1986) *nontransit element of the transportation chapter must include the following:*

(1) a statement of the needs of the metropolitan area with respect to the functions covered and the objectives of and the policies to be forwarded by the policy plan;

(2) a general description of the physical facilities and services to be developed;

(3) a statement as to the general location of physical facilities and service areas;

(4) a general statement of timing and priorities in the development of those physical facilities and service areas; and

(5) a general statement on the level of public expenditure appropriate to the facilities.

Sec. 16. Minnesota Statutes 1984, section 473.149, subdivision 3, is amended to read:

Subd. 3. [PREPARATION AND ADOPTION.] The solid waste policy plan shall be prepared, adopted, and amended in accordance with section 473.146, subdivision 2, provided that the procedural duties and responsibilities established therein for the affected metropolitan (COMMISSION) *agency* shall extend to the metropolitan counties and the pollution control agency. In addition to the requirements of section 473.146, subdivision 2, the council shall send notice of any hearing to the pollution control agency and the governing body of each metropolitan county and each local governmental unit, as defined in section 473.801, wherein a solid waste facility is or may be located in accordance with the plan. Any comprehensive plan adopted by the council shall remain in force and effect while new or amended plans are being prepared and adopted by the council. By October 1, 1976, the council shall adopt either interim policies or amendments to the existing comprehensive plan establishing standards and criteria for the review under section 473.823 of permit applications for solid waste facilities used primarily for resource recovery. For permit applications received by the council prior to October 1, 1976, the council may extend the time period provided for review under section 473.823 until 60 days after the adoption of the interim policies or amendments. No metropolitan county, local government unit, commission, or person shall acquire, construct, improve or operate any solid waste facility in the metropolitan area except in accordance with the council's plan and section 473.823, provided that no solid waste facility in use when a plan is adopted shall be discontinued solely because it is not located in an area designated in the plan as acceptable for the location of such facilities.

Sec. 17. Minnesota Statutes 1984, section 473.161, is amended to read:

473.161 [(DEVELOPMENT PROGRAMS) IMPLEMENTATION PLANS OF METROPOLITAN COMMISSIONS.]

(SUBDIVISION 1. [PREPARATION OF DEVELOPMENT PROGRAMS.] EACH METROPOLITAN COMMISSION SHALL PREPARE A DEVELOPMENT PROGRAM COVERING THE DETAILED TECHNICAL PLANNING, ENGINEERING, FINANCING, SCHEDULING AND OTHER INFORMATION NECESSARY TO THE DEVELOPMENT OF THE PROGRAM ELEMENTS TO BE PERFORMED BY THE COMMISSION IN IMPLEMENTING THE POLICY PLAN ADOPTED BY THE COUNCIL PURSUANT TO SECTION 473.146. THE PROGRAM MAY INCLUDE SUCH OTHER TECHNICAL INFORMATION AS THE METROPOLITAN COMMISSION DEEMS NECESSARY. THE PROGRAM SHALL PRESCRIBE AND DELINEATE THE FUNCTIONS TO BE PERFORMED AND ACTIVITIES TO BE UNDERTAKEN BY THE METROPOLITAN COMMISSION AND SHALL COVER AT LEAST THE FIVE YEAR PERIOD COMMENCING WITH THE FIRST CALENDAR YEAR BEGINNING AFTER ITS APPROVAL OR SUCH LONGER PERIOD AS THE COUNCIL MAY PRESCRIBE. THE PROGRAM SHALL DESCRIBE ALL CAPITAL IMPROVEMENTS TO BE UNDERTAKEN IN SUCH PERIOD AND WITH RESPECT TO EACH IMPROVEMENT SHALL INCLUDE THE FOLLOWING:)

((A) A DESCRIPTION OF THE IMPROVEMENT, ITS LOCATION, FUNCTION AND ESTIMATED COST;)

((B) THE PROPOSED MANNER OF FINANCING THE CAPITAL COSTS OF THE IMPROVEMENT, AND THE SOURCES OF REVENUE AVAILABLE FOR PAYMENT OF SUCH COSTS;)

((C) A SCHEDULE SHOWING ON A YEARLY BASIS THE TIMING OF LAND ACQUISITION, CONSTRUCTION AND CAPITAL EXPENDITURES FOR THE IMPROVEMENTS;)

((D) A REVIEW AND DESCRIPTION OF THE PUBLIC NEED FOR THE IMPROVEMENT, ALTERNATIVES TO THE IMPROVEMENT, (INCLUDING ALTERNATIVES NOT INVOLVING CAPITAL EXPENDITURES), THE ENVIRONMENTAL AND SOCIAL EFFECTS OF THE IMPROVEMENT AND ALL ACTIONS AND STEPS THERETOFORE TAKEN BY THE COMMISSION WITH RESPECT TO THE IMPROVEMENT;)

((E) AN ESTIMATE OF THE PROBABLE IMPACT OF THE IMPROVEMENT ON THE RESPONSIBILITIES OF THE OTHER METROPOLITAN COMMISSIONS;)

((F) AN ESTIMATE OF THE ANNUAL OPERATING COSTS OF THE IMPROVEMENT AND THE SOURCES OF REVENUE AVAILABLE FOR PAYMENT OF SUCH COSTS;)

((G) AN EVALUATION OF THE RELATIVE PRIORITY OF THE IMPROVEMENT TAKING INTO CONSIDERATION OTHER CAPITAL IMPROVEMENTS DESCRIBED IN THE PROGRAM;)

((H) EACH PROGRAM SHALL INCLUDE SUCH ADDITIONAL INFORMATION AS THE COUNCIL OR COMMISSION MAY DEEM APPROPRIATE.)

(UPON A REQUEST FROM ANY LOCAL GOVERNMENTAL UNIT, THE COMMISSION SHALL HOLD A PUBLIC HEARING FOR THE PURPOSE OF RECEIVING TESTIMONY FROM LOCAL GOVERNMENTAL UNITS AND THE PUBLIC PRIOR TO SUBMISSION TO THE COUNCIL AS PROVIDED IN SUBDIVISION 2.)

Subd. 1a. [REQUIREMENT; PURPOSE.] Each metropolitan agency that is subject to this section by its enabling law shall adopt an implementation plan meeting the requirements of this section. The implementation plan must implement and effectuate the policy plan adopted by the council under section 473.146. Elements of the implementation plan must cover the period or periods prescribed in the council's policy plan.

Subd. 1b. [CONTENT.] The implementation plan must include the following:

(1) a statement of objectives and priorities for capital development, services, and system management;

(2) a statement of agency plans to achieve the objectives, describing the functions, services, and systems that will be provided by or under the direction or auspices of the agency;

(3) a statement of how the agency's objectives, priorities, and plans will implement and effectuate the council's policy plan;

(4) a statement of the fiscal implications of the agency's plan, including a statement of: (i) the anticipated expenditure of public and private funds, for capital developments, services, and system administration and management, and the changes in expenditure levels that the plan represents; (ii) the resources available under existing fiscal policy and additional resources, if any, that are or may be required to effectuate the agency's

plan; (iii) any changes in agency policy on regional sources of revenue and changes in levels of debt, user charges, and taxes; (iv) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the agency has recommended or may recommend; and (v) the effect on functions and levels and types of services, and the agency's contingency and cost-containment strategies, if the additional resources required to effectuate the agency's plan do not become available;

(5) a statement of the standards, criteria, and procedures that the agency will use in monitoring and evaluating the results of the implementation plan;

(6) a statement of the effect of the plan on the responsibilities of other governmental units;

(7) the services and systems management component required by subdivision 1c and the capital investment component required by subdivision 1d; and

(8) other information that the council or agency deems appropriate.

Subd. 1c. [SERVICES AND SYSTEMS MANAGEMENT.] The plan must include a services and systems management component that describes the levels and costs of services that will be provided to service areas and populations within the metropolitan area. The component must describe: (1) service needs, objectives, and priorities; (2) changes in existing services; (3) deployment of new services; (4) distribution and coordination of services; (5) delivery methods and providers; (6) system management and administration; (7) costs; (8) manner of finance and revenue sources, including federal and state funds, private funds, taxes, and user charges; and (9) fiscal effects.

Subd. 1d. [CAPITAL INVESTMENT.] The plan must include a capital investment component that sets forth a capital investment strategy and estimates the fiscal and other effects of the strategy. The component must specify, to the extent practicable, the capital improvements to be undertaken. For each improvement specified, the plan must describe: (1) need, function, objective, and relative priority; (2) alternatives, including alternatives not involving capital expenditures; (3) ownership and operating entity; (4) location and schedule of development; (5) environmental, social, and economic effects; (6) cost; (7) manner of finance and revenue sources, including federal and state funds, private funds, taxes, and user charges; and (8) fiscal effects, including an estimate of annual operating costs and sources of revenue to pay the costs.

Subd. 2. [(SUBMISSION TO) PROCEDURE; REVIEW AND APPROVAL BY COUNCIL.] The (DEVELOPMENT

PROGRAM) implementation plan prepared by the metropolitan (COMMISSION SHALL) agency must be submitted to the council for review (AND APPROVAL OR DISAPPROVAL) at the time or times stated in the policy plan. The agency shall hold a public hearing on the plan before submitting it to the council and shall transmit a report of the hearing to the council along with the plan. The council shall complete its review within 90 days after receipt of the proposed (DEVELOPMENT PROGRAM) implementation plan. In the course of its review of the implementation plan the council shall publish an analysis and evaluation of the success of the agency in effectuating the council's policy plan. If the council determines that the (PROGRAM) implementation plan is consistent with the policy plan it shall approve the (PROGRAM) plan as submitted. If it determines that the (PROGRAM) implementation plan or part thereof is inconsistent with the policy plan, it shall disapprove it and (RETURN IT TO) require the submitting (COMMISSION WITH COMMENTS AND THE COMMISSION SHALL) agency to make (APPROPRIATE) revisions in the (PROGRAM AND RESUBMIT IT TO THE COUNCIL FOR REVIEW AND APPROVAL OR DISAPPROVAL. BEFORE APPROVING A PROGRAM OR RETURNING IT TO THE SUBMITTING COMMISSION, THE COUNCIL SHALL HOLD A PUBLIC HEARING FOR THE PURPOSE OF CONSIDERING THE PROGRAM AND THE COUNCIL'S COMMENTS THEREON, IF REQUESTED TO DO SO BY THE AFFECTED COMMISSION. THE COUNCIL MAY APPROVE OR DISAPPROVE A DEVELOPMENT PROGRAM IN WHOLE OR IN PART) implementation plan necessary to bring it into conformance with the policy plan. The agency shall make the revisions required by the council within 60 days, or a longer period agreed to by the council, and resubmit the plan to the council for review. If the agency does not make the revisions required by the council in the time allowed, the council shall hold a public hearing on the matter in dispute. At the hearing the council shall make an affirmative presentation of its position on the required revisions, shall allow the agency to present its objections to the revisions, and shall allow all persons to present their views on the matter. Following the hearing the council shall prepare a report on the hearing, including a summary of the disagreeing positions of the council and the agency, and shall make a final decision on the revision. If the council decides to require revision, the council's decision shall contain specific changes in the implementation plan. The changes contained in the council's decision are binding on the agency and are part of the implementation plan required to be adopted and implemented by the agency under subdivision 3.

Subd. 2a. [AMENDMENT.] (WITHIN TWO YEARS OF THE APPROVAL OF ITS FIRST DEVELOPMENT PROGRAM BY THE COUNCIL AND) At least biennially (THEREAFTER) each (COMMISSION) metropolitan agency shall review the (PROGRAM) implementation plan, make (SUCH) the revisions (AS ARE) necessary (, INCLUDING AN UPDAT-

ING OF THE FIVE YEAR CAPITAL IMPROVEMENT PROGRAM,) and submit the (PROGRAM) *plan* to the council for its review (AND APPROVAL OR DISAPPROVAL) as (HEREIN) provided in this section.

Subd. 3. [ADOPTION; EFFECT (OF DEVELOPMENT PROGRAM).] (AFTER APPROVAL BY THE COUNCIL OF A DEVELOPMENT PROGRAM THE COMMISSION) *The metropolitan agency shall adopt and implement the (PROGRAM) implementation plan, with the revisions required by the council, within 60 days following council approval. (NO CAPITAL IMPROVEMENTS SHALL BE UNDERTAKEN BY THE METROPOLITAN COMMISSION UNLESS AUTHORIZED BY THE PROGRAM OR) The activities of the agency, including its priorities and timing, must be consistent with its approved and adopted implementation plan or be specifically approved by the council. The council (SHALL) may not approve any (IMPROVEMENT) activity not in substantial conformance with the appropriate policy plan.*

Sec. 18. [473.1623] [METROPOLITAN COUNCIL; METROPOLITAN AGENCIES; FINANCIAL REPORTING AND MANAGEMENT.]

Subdivision 1. [PURPOSE.] *The purpose of this section is to enhance the efficiency, effectiveness, and responsiveness of metropolitan agencies and services, by improving coordination among metropolitan agencies in financial reporting and management for metropolitan systems and services.*

Subd. 2. [FINANCIAL REPORTING AND MANAGEMENT ADVISORY COMMITTEE.] *A financial reporting and management advisory committee is created, consisting of the chairs of the council and the following metropolitan agencies: the waste control commission, transit board, metropolitan airports commission, and sports facilities commission. The committee is established to assist and advise the council and other governing boards in meeting the requirements of this section. Staff and administrative services for the committee must be provided by the council and the member agencies. Other agencies shall make financial information available upon request.*

Subd. 3. [FINANCIAL REPORT.] *By December 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for the council and all metropolitan agencies and their functions, services, and systems. The financial report must cover the calendar year in which the report is published and the two years preceding and three years succeeding that year. The financial report must contain the following information, for each agency, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:*

- (1) *financial policies, goals, and priorities;*
- (2) *levels and allocation of public expenditure, including capital, debt, operating, and pass-through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;*
- (3) *the resources available under existing fiscal policy;*
- (4) *additional resources, if any, that are or may be required;*
- (5) *changes in council or agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;*
- (6) *other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that have been or may be recommended by the council or the respective agencies;*
- (7) *an analysis that links, as far as practicable, the uses of funds and the sources of funds, by appropriate categories and in the aggregate;*
- (8) *a description of how the fiscal policies effectuate current policy and implementation plans of the council and agencies concerned; and*
- (9) *a summary of significant changes in council and agency finance and an analysis of fiscal trends.*

The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.

Subd. 4. [FINANCIAL REPORTING; BUDGETING.] *The advisory committee, with the assistance of the state auditor and the legislative auditor, shall develop uniform or consistent standards, formats, and procedures for the budgets and financial reports of the council and all metropolitan agencies. The council shall report to the legislature from time to time on progress made by the committee in improving the uniformity and quality of budgets and financial reports and on legislation that may be needed for this purpose.*

Subd. 5. [ADMINISTRATIVE COORDINATION.] *The advisory committee shall evaluate the benefits, costs, methods, and effects, including operational effects, of joint or uniform and coordinated exercise of powers by the council and metropolitan agencies for appropriate administrative functions. The study must include at least ongoing managerial reporting, con-*

tracts, purchasing, data processing, and personnel. The council shall report to the legislature on the findings and recommendations of the advisory committee to date by January 1, 1987, and on legal and other impediments to increased coordination of administrative functions. Before submitting the report, the council shall request comments on the report from the affected metropolitan agencies, and the comments must be submitted along with the report.

Sec. 19. Minnesota Statutes 1984, section 473.163, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Each metropolitan (COMMISSION) agency that is subject to this section by its enabling law shall prepare a proposed budget (FOR CALENDAR YEAR 1976 AND EACH CALENDAR YEAR THEREAFTER. THE PROPOSED BUDGET SHALL BE PREPARED ON OR BEFORE) by August 1 (, 1975 AND) of each year (THEREAFTER). *The budget must be consistent with and effectuate the implementation plan. The budget (SHALL) must show for each (SUCH) year:*

(a) The estimated operating revenues from all sources including funds on hand at the beginning of the year, and estimated expenditures for costs of operation, administration, maintenance, and debt service; (AND)

(b) Capital improvement funds estimated to be on hand at the beginning of the year and estimated to be received during the year from all sources and estimated cost of capital improvements to be paid out or expended during the year; all in such detail and form as the council may prescribe; and

(c) *The estimated source and use of pass-through funds.*

Sec. 20. Minnesota Statutes 1984, section 473.163, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE; APPROVAL OF COUNCIL.] (BETWEEN) *As early as practicable before August (1 AND SEPTEMBER 1) 15 of each year, the (COMMISSION) agency shall hold a public hearing on a draft of the proposed budget. Along with the draft, the agency shall publish a report on user charges. The report must include an estimate and analysis of the changes in user charges, rates, and fees that will be required by the agency's budget. Not less than 14 days before the hearing, the (COMMISSION) agency shall publish notice (THEREOF) of the hearing in a newspaper having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the proposed budget and report on user charges may be examined by any interested person. Following the hearing, the agency shall publish a report of the hearing that summarizes the comments received and the agency's re-*

sponse. Until the budget for agency fiscal year 1990, those parts of the budget relating to revenues and expenditures for capital improvements (SHALL) must be submitted to the council (ON OR BEFORE) by August (1) 15 of each year (AND SHALL BE SUBJECT TO) for review and approval by the council. If council approval is required the council shall act to approve or disapprove by October 1 of each year. Before December 15 of each year the (COMMISSION, AFTER OBTAINING APPROVAL OF THE COUNCIL FOR ANY CHANGES IN THE CAPITAL IMPROVEMENTS BUDGET,) agency shall by resolution adopt a final budget. Each (COMMISSION) agency shall file its final budget with the council on or before December 20 of each year. The council shall file the budgets with the secretary of the senate and the clerk of the house of representatives not later than January 1 of each year.

Subd. 2a. [EFFECT.] Except in an emergency, for which procedures (SHALL) must be established by the (COMMISSION) agency, the (COMMISSION) agency and its officers, agents and employees (SHALL) may not spend money for any purpose, other than debt service, without an appropriation by the (COMMISSION OR IN EXCESS OF THE AMOUNT APPROPRIATED THEREFOR) agency, and no obligation to make such an expenditure shall be enforceable except as the obligation of the person or persons incurring it. The creation of any debt obligation or the receipt of any federal or state grant is a sufficient appropriation of the proceeds for the purpose for which it is authorized, and of the tax or other revenues pledged to pay the obligation and interest on it whether or not specifically included in any annual budget. (THE COMMISSION MAY,) After obtaining approval of the council, if required under subdivision 2, the agency may amend the (CAPITAL IMPROVEMENTS) budget at any time by transferring any appropriation from one purpose to another, except appropriations of the proceeds of bonds issued for a specific purpose. (THE COUNCIL SHALL FILE THE BUDGETS OF ALL COMMISSIONS WITH THE SECRETARY OF THE SENATE AND THE CLERK OF THE HOUSE OF REPRESENTATIVES NOT LATER THAN JANUARY 15 OF EACH YEAR.)

Sec. 21. Minnesota Statutes 1985 Supplement, section 473.167, subdivision 3, is amended to read:

Subd. 3. [TAX.] The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a. The tax shall be certified by the council, levied, and collected in the manner provided by section (473.08) 7 of this act. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council, except as otherwise provided in this subdivision. The tax shall not be levied

at a rate higher than five one-hundredths of one mill. The tax shall not be levied at a rate higher than that determined by the council to be sufficient, considering the other anticipated revenues of and disbursements from the loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount that a tax levy of five one-hundredths of a mill would raise in that year.

Sec. 22. Minnesota Statutes 1984, section 473.171, subdivision 1, is amended to read:

Subdivision 1. The council shall review all applications of a metropolitan (COMMISSION) *agency*, independent commission, board or agency, and local governmental units for funds, grants, loans or loan guarantees from the United States of America or agencies thereof submitted in connection with proposed matters of metropolitan significance, all other applications by (COMMISSIONS) *metropolitan agencies, independent commissions, boards and agencies*, and local governmental units for grants, loans, or loan guarantees from the United States of America or any agency thereof if review by a regional agency is required by federal law or the federal agency, and all applications (OF THE COMMISSIONS) for grants, loans, or allocations from funds made available by the United States of America to the metropolitan area for regional facilities pursuant to a federal revenue sharing or similar program requiring that the funds be received and granted or allocated or that the grants and allocations be approved by a regional agency.

Sec. 23. Minnesota Statutes 1984, section 473.171, subdivision 2, is amended to read:

Subd. 2. The council shall review all applications or requests of a metropolitan (COMMISSION) *agency*, independent commission, board or agency, and local governmental units for state funds allocated or granted for proposed matters of metropolitan significance, and all other applications by metropolitan (COMMISSIONS) *agencies*, independent commissions, boards, agencies, and local governmental units for state funds if review by a regional agency is required by state law or the granting state agency.

Sec. 24. Minnesota Statutes 1984, section 473.173, subdivision 3, is amended to read:

Subd. 3. In developing the regulations the council and the advisory metropolitan land use committee, as defined in section 473.852, shall give consideration to all factors deemed relevant including but not limited to the following:

(1) The impact a proposed matter will have on the orderly, economic development, public and private, of the metropolitan area and its consistency with the metropolitan development guide;

(2) The relationship a proposed matter will have to the policy statement goals, standards, programs and other applicable provisions of the development guide;

(3) The impact a proposed matter will have on policy plans adopted by the council and on the (DEVELOPMENT PROGRAMS) *implementation plans* and functions performed and to be performed by a metropolitan (COMMISSION) *agency that is subject to section 473.161*;

(4) Functions of municipal governments in respect to control of land use as provided for under the municipal planning act.

Sec. 25. Minnesota Statutes 1984, section 473.173, subdivision 4, is amended to read:

Subd. 4. The regulations shall include, without limitation, provisions to effectuate and comply with the following powers and requirements:

(1) No applicant shall be required to submit a proposed matter for review more than once unless it is materially altered.

(1a) A public hearing shall be held prior to the final determination with regard to a proposed matter.

(2) The council shall be empowered to suspend action on a proposed matter during the period of review and for a period not to exceed 12 months following the issuance of its final determination. In its final determination, the council may prescribe appropriate conditions with regard to a proposed matter which, if incorporated or complied with, would cause the council to remove the suspension.

(3) The council's recommendation or determination concerning a proposed matter, including the determination as to its metropolitan significance, shall be issued within 90 days following its receipt of a proposal accompanied by adequate supporting information. To avoid duplication, the review may be suspended for not more than 90 days to await completion of review of a matter by another public agency.

(4) The council shall be required to review a proposed matter upon request of an affected local governmental unit or metropolitan (COMMISSION) *agency that is subject to section 473.161*. The regulations shall include a procedure for review of a proposed matter upon petition by a specified number of residents of the metropolitan area 18 years of age or older.

(5) The council shall be empowered to review all proposed matters of metropolitan significance regardless of whether the

council has received a request from an affected body to conduct that review.

(6) The council shall review all proposed matters determined to be of metropolitan significance as to their consistency with and effect upon metropolitan system plans as defined in section 473.852 and their adverse effects on other local governmental units.

(7) Previously approved policy plans and (DEVELOPMENT PROGRAMS) *implementation plans* and areas of operational authority of (THE) metropolitan (COMMISSIONS) *agencies that are subject to section 473.161* shall not be subject to review under this section, except as specifically provided in section 473.171.

Sec. 26. Minnesota Statutes 1984, section 473.194, is amended to read:

473.194 [DEFINITIONS.]

For the purposes of sections (473.193) *473.194* to 473.201, the terms defined in the municipal housing and redevelopment act shall have the meanings given them in that act.

Sec. 27. Minnesota Statutes 1984, section 473.195, subdivision 4, is amended to read:

Subd. 4. The council shall, as part of any project proposal to a municipality, propose a means for citizens substantially affected by the proposed project to participate in the formulation and carrying out of projects undertaken by the council pursuant to the terms of sections (473.193) *473.194* to 473.201.

Sec. 28. Minnesota Statutes 1984, section 473.199, is amended to read:

473.199 [EFFECT UPON MUNICIPAL AND COUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.]

Nothing in sections (473.193) *473.194* to 473.201 shall be construed to impair the powers and obligations of municipal, county or multi-county housing and redevelopment authorities within the metropolitan area.

Sec. 29. Minnesota Statutes 1984, section 473.201, subdivision 2, is amended to read:

Subd. 2. The council may expend for the purposes of sections (473.193) *473.194* to 473.201 any revenues derived pursuant to section 473.249.

Sec. 30. Minnesota Statutes 1984, section 473.245, is amended to read:

473.245 [REPORTS.]

On or before January 15, of each year the metropolitan council shall report to the legislature. The report shall include:

(1) A statement of the metropolitan council's receipts and expenditures by category since the preceding report;

(2) A detailed budget for the year in which the report is filed and the following year including an outline of its program for such period;

(3) An explanation of any policy plan and other comprehensive plan adopted in whole or in part for the metropolitan area and the review comments of the affected (COMMISSION) *metropolitan agency*;

(4) Summaries of any studies and the recommendations resulting therefrom made by the metropolitan council, and a listing of all applications for federal moneys made by governmental units within the metropolitan area submitted to the metropolitan council;

(5) A listing of plans of local governmental units and proposed matters of metropolitan significance submitted to the metropolitan council;

(6) A detailed report on the progress of any project undertaken by the council pursuant to sections 473.193 to 473.201; and

(7) Recommendations of the metropolitan council for metropolitan area legislation, including the organization and functions of the metropolitan council and the (COMMISSIONS) *metropolitan agencies*.

Sec. 31. Minnesota Statutes 1984, section 473.249, subdivision 1, is amended to read:

Subdivision 1. The metropolitan council may levy a tax on all taxable property in the metropolitan area defined in section 473.121 to provide funds for the purposes of sections 473.121 to 473.249 and for the purpose of carrying out other responsibilities of the council as provided by law. The tax shall not exceed eight-thirtieths of one mill on the total assessed valuation of all such taxable property located in the metropolitan area, and shall be levied and collected in the manner provided by section (473.08) *7 of this act*.

Sec. 32. Minnesota Statutes 1984, section 473.303, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The commission shall consist of eight members, plus a chairman appointed as provided in subdivision 3. The metropolitan council shall appoint the eight members (ON A NONPARTISAN BASIS. ONE MEMBER SHALL BE APPOINTED FROM EACH OF THE FOLLOWING COMMISSION DISTRICTS:)

((1) COMMISSION DISTRICT A, CONSISTING OF COUNCIL DISTRICTS 1 AND 2;)

((2) COMMISSION DISTRICT B, CONSISTING OF COUNCIL DISTRICTS 3 AND 7;)

((3) COMMISSION DISTRICT C, CONSISTING OF COUNCIL DISTRICTS 4 AND 5;)

((4) COMMISSION DISTRICT D, CONSISTING OF COUNCIL DISTRICTS 6 AND 10;)

((5) COMMISSION DISTRICT E, CONSISTING OF COUNCIL DISTRICTS 8 AND 9;)

((6) COMMISSION DISTRICT F, CONSISTING OF COUNCIL DISTRICTS 11 AND 12;)

((7) COMMISSION DISTRICT G, CONSISTING OF COUNCIL DISTRICTS 13 AND 14; AND)

((8) COMMISSION DISTRICT H, CONSISTING OF COUNCIL DISTRICTS 15 AND 16) *in accordance with the provisions of section 473.141.*

Sec. 33. Minnesota Statutes 1984, section 473.303, subdivision 4a, is amended to read:

Subd. 4a. [TERMS.] Following each apportionment of metropolitan council districts, as provided under section 473.123, subdivision 3a, the (TERMS OF MEMBERS AND THE CHAIRMAN OF THE COMMISSION SHALL COMMENCE ON THE EFFECTIVE DATE OF THAT APPORTIONMENT,) *metropolitan council appointed as provided in section 473.123, subdivision 3a, shall appoint a chair and eight commission members from newly drawn districts.* The terms of members and chairmen are as follows: members representing commission districts A, B, C, and D, and the chairman of the commission, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts E, F, G, and H, for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member and the

chairman is four years, *with terms ending the first Monday in January*, except that all terms expire on the effective date of the next apportionment. The chairman shall continue to serve until a successor is appointed and qualified. A member shall continue to serve his commission district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a appoints eight commission members as provided under subdivision 2, to serve terms as provided under this subdivision. *The appointments to the commission must be made by the first Monday in May of the year in which the term ends.*

Sec. 34. Minnesota Statutes 1984, section 473.303, subdivision 6, is amended to read:

Subd. 6. [COMPENSATION.] Members and the chairman shall be compensated as provided (FOR MEMBERS OF METROPOLITAN COMMISSIONS) *in section 473.141, subdivision 7.*

Sec. 35. Minnesota Statutes 1984, section 473.373, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] To carry out the policy and achieve the goals of section 473.371 there is established a regional transit board as a public corporation and a political subdivision of the state. Except as provided in this section, the board is organized, structured, and administered as provided (FOR METROPOLITAN COMMISSIONS) in section 473.141.

Sec. 36. Minnesota Statutes 1985 Supplement, section 473.373, subdivision 4, is amended to read:

Subd. 4. [TERMS.] The initial terms of members and the chair appointed under Laws 1984, chapter 654, article 3, section 116, commence on the first day after July 1, 1984, that the chair and at least seven other members have been appointed and qualified and expire on the first day that the chair and eight members appointed under section 473.141 and this section are appointed and qualified. By August 1, 1985, the appointing authorities shall appoint a chair and eight members from the districts defined in section 473.141. The initial terms of members and the chair appointed in 1985 are as follows: members representing commission districts A, B, C, and D and the chair of the board, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts E, F, G, and H for terms ending the first Monday in January of the year ending in the numeral "9." *At least one of the members appointed by the council must be 65 years of age or older at the time of the appointment.* Thereafter the term of each member and the chair is four years, subject to the provisions on apportionment, successor qualification, removal, and vacancy of section 473.141, subdivisions 4a, 5, and 6.

Sec. 37. Minnesota Statutes 1984, section 473.377, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] The transit board shall *prepare, submit to the council, and adopt* (A TRANSIT SERVICE) *an* implementation plan (DESCRIBING THE PLANNING, FUNCTIONS, AND ACTIVITIES TO BE PERFORMED BY OR UNDER THE DIRECTION OR AUSPICES OF THE BOARD IN IMPLEMENTING THE POLICY PLAN ADOPTED BY THE COUNCIL PURSUANT TO SECTION 473.146. THE PLAN MUST COVER AT LEAST THE FIVE YEAR PERIOD COMMENCING WITH THE FIRST CALENDAR YEAR BEGINNING AFTER THE PLAN'S APPROVAL, OR A LONGER PERIOD PRESCRIBED BY THE COUNCIL.)

(EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE IMPLEMENTATION PLAN MUST BE PREPARED, SUBMITTED FOR REVIEW BY THE COUNCIL, ADOPTED, AND IMPLEMENTED IN THE SAME MANNER, WITH THE SAME REQUIREMENTS AND RESTRICTIONS, AND TO THE SAME EFFECT) as provided (FOR DEVELOPMENT PROGRAMS) in section 473.161. The board shall prepare an implementation plan meeting the requirements of this section and submit the plan to the council by August 1, 1986, and thereafter (IN EVEN-NUMBERED YEARS) at a time prescribed by the council.

Sec. 38. Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL PLAN; COUNCIL APPROVAL.] Along with its annual budget, each *even-numbered* year the board shall prepare a financial plan for the succeeding three calendar years, in half-year segments. The financial plan must be consistent with the board's implementation plan and must contain the elements specified in section (473.377, SUBDIVISION 2, CLAUSES (A), (E), (F), AND (G)) 18, *subdivision 3*. The financial plan (PREPARED IN EVEN-NUMBERED YEARS) must contain a proposed request for state financial assistance for the succeeding biennium. The board shall submit the financial plan to the council for review and approval or disapproval. The council may approve or disapprove in whole or in part. The council may disapprove only for inconsistency with the policy plan of the council.

Sec. 39. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The council, if requested by vote of at least two-thirds of all of the members of the transit board, may issue general obligation bonds to pro-

vide funds to the board for expenditure to implement the board's approved (CAPITAL DEVELOPMENT PROGRAM) *implementation plan* and for the refunding of outstanding bonds, certificates of indebtedness, and judgments. The council may not unreasonably withhold the issuance of obligations for (A CAPITAL DEVELOPMENT PROGRAM) *an implementation plan* that has been approved by the council. The council may not issue obligations pursuant to this subdivision in excess of the amount specifically authorized by law. Except as otherwise provided in sections 473.371 to 473.449, the council shall provide for the issuance, sale, and security of the bonds in the manner provided in chapter 475, and has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the net debt limitations in chapter 475 do not apply to the bonds. The obligations are not a debt of the state or any municipality or political subdivision within the meaning of any debt limitation or requirement pertaining to those entities. Neither the state, nor any municipality or political subdivision except the council and board, nor any member or officer or employee of the board or council, is liable on the obligations. The obligations may be secured by taxes levied without limitation of rate or amount upon all taxable property in the transit taxing district and transit area as provided in section 473.446. The council shall certify to the transit board before October 1 of each year the amounts necessary to provide full and timely payment of the obligations. As part of its levy made under section 473.446, the board shall levy the amounts certified by the council and transfer the proceeds to the council for payment of the obligations. The taxes must be levied, certified, and collected in accordance with the terms and conditions of the indebtedness.

Sec. 40. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1a, is amended to read:

Subd. 1a. [AMOUNT; I-394 FACILITIES.] The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$8,500,000 for expenditure as prescribed in the (CAPITAL DEVELOPMENT PROGRAM) *implementation plan* of the board (REQUIRED BY SECTION 473.377, SUBDIVISION 2, CLAUSE (A)). Of this amount, no more than \$1,500,000 may be spent for land acquisition and capital improvements for park and ride lots and transit transfer stations planned for the interstate highway described in section 161.123, clause (2), commonly known as I-394. These facilities may be constructed and maintained by the metropolitan transit commission. The board shall require, as a condition of financial assistance to the commission, that the commission make facilities it constructs, acquires, or improves for I-394 with funds provided under this provision available to all transit providers on a nondiscriminatory basis, as the board defines these terms.

Sec. 41. Minnesota Statutes 1984, section 473.409, is amended to read:

473.409 [AGREEMENTS WITH COMMISSION; ENCOURAGEMENT OF TRANSIT USE.]

A state department or agency, including the legislative branch, any local governmental unit, the metropolitan council, or other metropolitan (COMMISSION) *agency* may enter into an agreement with the transit commission and other operators for the purpose of encouraging the use of transit by its employees residing in the metropolitan area. The agreement may provide for, among other things: (a) the advance purchase of tokens, tickets or other devices from the commission or other operator for use in lieu of fares on vehicles operated by the commission or other operator; and (b) special transit service for employees to and from their place of employment, at fares to be agreed upon by the contracting parties. The tokens, tickets, or other devices or services may be made available to employees at reduced rates. Any such agreement and arrangement by a state department or agency shall be submitted to the commissioner of administration for approval before execution. Any operating deficits or subsidy resulting from such agreements shall be assumed by the contracting department, agency, governmental unit, council, or other commission, unless otherwise provided in an agreement approved by the transit board.

Sec. 42. Minnesota Statutes 1984, section 473.516, subdivision 2, is amended to read:

Subd. 2. [GENERAL REQUIREMENTS.] With respect to its activities under this section, the commission shall be subject to and comply with the applicable provisions of this chapter. Property acquired by the commission under this section shall be subject to the provisions of section 473.545. Any site or facility owned or operated for or by the commission shall conform to the policy plan adopted by the council under section 473.149 and shall be authorized in accordance with the commission's (DEVELOPMENT PROGRAM AND CAPITAL BUDGET) *implementation plan* approved by the council. The commission shall contract with private persons for the construction, maintenance, and operation of waste facilities, subject to the bidding requirements of section 473.523, where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 43. Minnesota Statutes 1984, section 473.523, subdivision 1, is amended to read:

Subdivision 1. No contract for any construction work, or for the purchase of materials, supplies, or equipment, costing more than (\$5,000) \$15,000 shall be made by the commission without publishing once in a legal newspaper or trade paper published in a city of the first class not less than two weeks before the last day for submission of bids, notice that bids or proposals will be received. Such notice shall state the nature of the work or pur-

chase and the terms and conditions upon which the contract is to be awarded, and a time and place where such bids will be received, opened, and read publicly. After such bids have been duly received, opened, read publicly, and recorded, the commission shall award such contract to the lowest responsible bidder or it may reject all bids and readvertise. Each contract shall be duly executed in writing and the party to whom the contract is awarded shall give sufficient bond or security to the board for the faithful performance of the contract as required by law. The commission shall have the right to set qualifications and specifications and to require bids to meet all such qualifications and specifications before being accepted. If the commission by an affirmative vote of two-thirds of its members declares that an emergency exists requiring the immediate purchase of materials or supplies at a cost in excess of (\$5,000) \$15,000 or in making emergency repairs, it shall not be necessary to advertise for bids.

Sec. 44. Minnesota Statutes 1984, section 473.523, subdivision 2, is amended to read:

Subd. 2. The administrator may, without prior approval of the commission and without advertising for bids, enter into any contract of the type referred to in subdivision 1 which is not in excess of (\$5,000) \$15,000.

Sec. 45. Minnesota Statutes 1984, section 473.535, is amended to read:

473.535 [(WASTE CONTROL COMMISSION) *IMPLEMENTATION PLAN*; BUDGET.]

The waste control commission shall prepare, submit to the council and adopt *an implementation plan and a budget* at the time and in the manner provided in and otherwise comply with (SECTION) *sections 473.161 and 473.163.*

Sec. 46. Minnesota Statutes 1984, section 473.553, subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] Each member appointed prior to substantial completion of construction of a sports facility constructed pursuant to sections 473.551 to 473.595 shall be a resident of the precincts or area of the state for which he is appointed. A member appointed at any time shall not during his term of office hold the office of metropolitan council member or be a member of another metropolitan (COMMISSION) *agency that is subject to section 473.141* or hold any judicial office or office of state government. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article V, Section 6. The oath, duly certified by the official administering it, shall be filed with the chairman of the metropolitan council.

Sec. 47. [473.636] [NEW MAJOR AIRPORT; AIRPORT DEVELOPMENT AREA.]

Subdivision 1. [METROPOLITAN COUNCIL; LAND USE CRITERIA AND GUIDELINES.] Within 120 days after the selection by the metropolitan airports commission of a site in the metropolitan area for a new major airport to serve as a terminal for regular, scheduled air passenger service and the approval of the selection by the metropolitan council, the council shall adopt criteria and guidelines for the regulation of use and development of the airport development area, consisting of all or a portion of the property in the metropolitan area extending out three miles from the proposed boundaries of the site, or out five miles from the boundaries in any direction the council determines is necessary to protect natural resources of the metropolitan area. The criteria and guidelines must establish the boundaries of the airport development area and must include a statement of goals and policies to be accomplished by regulation of the use and development of property in the area. The criteria and guidelines may relate to all kinds of land use and development control measures, including zoning ordinances, building codes, subdivision regulations, and official maps. The criteria and guidelines must encourage controls for the use and development of property and the planning of public facilities to protect inhabitants of the airport development area from aircraft noise and to preserve natural underground water reservoirs and other natural resources of the metropolitan area. Those purposes are public purposes upon which land use and development control measures adopted by any government unit under law may be based. The criteria and guidelines must be a part of the metropolitan development guide when it is adopted, and the council shall mail a copy of the criteria and guidelines and any amendment to them to the governing body of each government unit having authority to adopt land use and development control measures applicable to the airport development area under sections 360.061 to 360.073, chapter 394, or chapter 462, or any other law; to the metropolitan airports commission; and to the state commissioner of transportation. The council may amend the criteria and guidelines from time to time, and shall reestablish the airport development area whenever the airport site boundaries are altered.

Subd. 2. [LOCAL ZONING AND LAND USE AND DEVELOPMENT CONTROLS.] Upon the selection and approval of a site for a new major airport in the metropolitan area, all land within its airport development area not then zoned for other use is zoned for use exclusively for agricultural purposes, except that a prior nonconforming use established with reference to any lot or parcel of land may be continued and all land zoned by this subdivision for agricultural purposes may be rezoned by the appropriate government unit upon compliance with this subdivision. Thereafter the governing body of each government unit proposing to adopt or amend a land use and development control measure applicable to the airport development area shall submit it to the metropolitan council for review, and within 120 days

after receipt of the council's criteria and guidelines shall make and submit to the council for review whatever changes in its existing land use and development control measures it deems necessary to make them consistent with the criteria and guidelines. The council or a committee designated by it shall hold a hearing on the control measures submitted by each government unit within 60 days after they are submitted, on written notice mailed to the governing body of the government unit not less than 15 days before the hearing. At the hearing the government unit must be allowed to present all data and information that support the control measures submitted to the council. The council shall approve each measure or amendment within 120 days after it is received, with whatever changes it deems necessary to make it consistent with the criteria and guidelines, and the government unit submitting it shall take all actions necessary to put it into effect within 60 days after it is approved. If the council amends its criteria and guidelines, it must follow the procedures in this subdivision to ensure that applicable land use and development control measures are consistent with the amendment.

Subd. 3. [ENFORCEMENT OF LOCAL MEASURES.] After the selection and approval of a site for a new major airport in the metropolitan area, no public or private use contrary to subdivision 2 or any land use and development control measure then in effect may be made of the property to which it applies within an airport development area, and no government unit may issue a permit for the use, construction, alteration, or planting of any property, building, structure, or tree not in accordance with its general provisions, except for minor footage variances, until the council has approved changes or variances in the control measure in accordance with subdivision 2. After the council has approved a land use and development control measure in accordance with subdivision 2, no public or private use contrary to its provisions may be made of the property to which it applies; and no government unit may issue a permit for the use, construction, alteration, or planting of any property, building, structure, or tree not in accordance with its general provisions; and no special use permit or variance may be granted that authorizes a use or development contrary to the council's criteria and guidelines.

Subd. 4. [CONTROL MEASURE REVIEW BEFORE SITE SELECTION.] After the metropolitan airports commission has called a hearing for the selection of a site for a new major airport in the metropolitan area under section 473.641, and until the commission has determined not to use the site described in the notice of hearing for a new major airport, the governing body of each government unit in the metropolitan area shall submit to the council for review and comment in accordance with section 473.175 any land use and development control measure, amendment, or variance applicable to or proposed for the site described in the notice of hearing or to any property within five miles of the site. During the period described in this subdivision,

no government unit may construct a public building or facility on the proposed airport site or within five miles of it until it has submitted its plan for the building or facility to the metropolitan council for review and comment as provided in this subdivision.

Sec. 48. [473.637] [AIRCRAFT NOISE ZONES.]

Within 120 days after the selection and approval of a site for a new major airport in the metropolitan area, the metropolitan council shall determine the probable levels of noise that will result in various parts of the metropolitan area from the operation of aircraft using the site, shall establish aircraft noise zones based on that determination and applicable to property affected by the noise, and shall establish acceptable levels of perceived noise decibels for each land use, using the composite noise rating method and tables or the noise exposure forecast method and tables. Each government unit having power to adopt land use and development control measures applicable to property included in any aircraft noise zone shall adopt or incorporate in existing land use and development control measures the applicable acceptable level of perceived noise decibels established by the council, and shall adopt whatever other control measures may be necessary to prevent the use, construction, or improvement of property and buildings subject to a level of perceived noise decibels in excess of the acceptable level established for that land use. The council shall mail a map showing the aircraft noise zones and a copy of the applicable acceptable levels of perceived noise decibels to the governing body of each government unit having authority to adopt land use and development control measures applicable to property in each aircraft noise zone, to the metropolitan airports commission, and to the state commissioner of transportation. The control measures adopted by a government unit to comply with this section must be submitted to and approved by the council and placed into effect by the government unit as provided in section 473.215, subdivision 2. The council may change the aircraft noise zones and the applicable acceptable levels of perceived noise decibels to conform with the actual levels of noise produced by aircraft using the airport site when it is in operation, and may require changes in control measures applicable to airport noise zones to conform with changes made by it. No property may be used, and no building or other structure may be constructed or improved, within any aircraft noise zone if persons using the property and buildings would be subjected to a level of perceived noise decibels in excess of the acceptable level established by the council for that land use.

Sec. 49. [473.638] [CONTROL MEASURE INVOLVING TAKING; CONDEMNATION BY METROPOLITAN AIRPORTS COMMISSION.]

Subdivision 1. [EMINENT DOMAIN.] If either the provisions or the application of section 473.215, subdivision 2, or any

land use and development control measure applicable to public or private property in an airport development area is determined by a court of competent jurisdiction to constitute a taking, the metropolitan airports commission in the exercise of its power to acquire lands for the airport has the power to acquire the property or any similar property, or an interest in it, to the extent needed for the application of the measure, by eminent domain exercised in accordance with chapter 117. The right of eminent domain must be exercised if the commission has or will have funds to pay the condemnation award and the council determines that it is necessary to protect the airport from encroachment or hazards, to protect residents in the area, to encourage the most appropriate use of property in the airport development area, or to protect and conserve the natural resources of the metropolitan area.

Subd. 2. [RETENTION OR SALE OF PROPERTY.] *The commission may retain any property now owned by it or acquired under subdivision 1 and use it for a lawful purpose, or it may provide for the sale or other disposition of the property in accordance with a redevelopment plan in the same manner and upon the same terms as the housing and redevelopment authority and governing body of a municipality under the provisions of section 462.525, all subject to the provisions of section 473.215, subdivision 2, or to existing land use and development control measures approved by the council.*

Subd. 3. [SHARING OF COSTS.] *The metropolitan airports commission and any other government unit in the metropolitan area may enter into an agreement under which the cost of acquiring a property and the proceeds from the sale or other disposition of it under subdivision 2 are to be shared by the commission and such government unit. The commission, the metropolitan council, or any government unit may also enter into any agreements with the United States or the state of Minnesota, or any agency or subdivision of either, and do all acts and things required by state or federal law or rules as a condition or consideration for the loan or grant of funds or property for the purpose of land acquisition or improvement under subdivisions 1 and 2.*

Sec. 50. [473.639] [RELATION TO AIRPORT HAZARD ZONING.]

Sections 473.215 and 473.216 and any criteria, guidelines, or land use and development control measure approved by the council under those sections in no way supersede or limit the powers conferred on a municipality to do airport hazard zoning, or the commissioner of transportation by sections 360.061 to 360.073. Any criteria, guidelines, or land use and development control measure approved by the council under section 473.215 or 473.216 must be consistent with any exercise of powers by the commissioner under sections 360.061 to 360.093.

Sec. 51. [473.64] [GOVERNMENT UNITS IN AIRPORT DEVELOPMENT AREA; TAX SHARING.]

The governing bodies of government units located wholly or partly in an airport development area shall jointly study and decide upon a plan for the sharing of property tax revenues derived from property located in an airport development area. If 80 percent of the government units having territory within the airport development area agree upon a plan, the plan is effective, and all government units shall enter into whatever agreements may be necessary for this purpose. The plan, however, may not impair the existing contract obligations of any government unit. This section does not apply to the metropolitan airports commission or the council.

Sec. 52. Minnesota Statutes 1984, section 473.704, is amended by adding a subdivision to read:

Subd. 19. The commission, by December 15 of each even-numbered year, shall prepare and submit to the legislature a financial report that contains the information required by section 18, subdivision 3, in a format consistent with the consolidated financial report required by that subdivision.

Sec. 53. Minnesota Statutes 1984, section 473.711, is amended by adding a subdivision to read:

Subd. 4. [CERTIFICATES OF INDEBTEDNESS.] The commission may issue certificates of indebtedness in anticipation of the collection and payment of a tax levied under this section in the same manner as a statutory city under section 412.261 and use their proceeds to accomplish its duties.

Sec. 54. Minnesota Statutes 1984, section 473.811, subdivision 7, is amended to read:

Subd. 7. [JOINT ACTION.] Any local governmental unit or metropolitan (COMMISSION) agency may act together with any county, city, or town within or without the metropolitan area, or with the pollution control agency or the waste management board under the provisions of section 471.59 or any other appropriate law providing for joint or cooperative action between government units, to accomplish any purpose specified in sections 473.-149, 473.151, and 473.801 to 473.823 and sections 473.827, 473.-831, 473.833, 473.834, 116.05 and 115A.06.

Any agreement regarding data processing services relating to the generation, management, identification, labeling, classification, storage, collection, treatment, transportation, processing or disposal of waste and entered into pursuant to section 471.59, or other law authorizing joint or cooperative action may provide that any party to the agreement may agree to defend, indemnify

and hold harmless any other party to the agreement providing the services, including its employees, officers or volunteers, against any judgments, expenses, reasonable attorney's fees and amounts paid in settlement actually and reasonably incurred in connection with any third party claim or demand arising out of an alleged act or omission by a party to the agreement, its employees, officers or volunteers occurring in connection with any exchange, retention, storage or processing of data, information or records required by the agreement. Any liability incurred by a party to an agreement under this subdivision shall be subject to the limitations set forth in section 3.736 or 466.04.

Sec. 55. Minnesota Statutes 1984, section 473.823, subdivision 3, is amended to read:

Subd. 3. [SOLID WASTE FACILITIES; REVIEW PROCEDURES.] The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the council to its review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, the anticipated public cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production. No permit may be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan council's solid waste policy plan. The metropolitan council shall determine whether a permit is in accordance with the policy plan. In making its determination, the council shall consider the area-wide need and benefit of the applicant facility and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities described in a waste control commission (DEVELOPMENT PROGRAM) *implementation plan* or county report or master plan. If the council determines that a permit is in accordance with its policy plan, the council shall approve the permit. If the council determines that a permit is not in accordance with its policy plan, it shall disapprove the permit. The council's approval of permits may be subject to conditions necessary to satisfy criteria and standards in its policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste. For the purpose of this review and approval by the council, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the metropolitan council within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the council, unless a time extension is authorized by the agency, the council shall issue to the agency in writing its determination whether the permit is disapproved, approved, or approved with

conditions. If the council does not issue its determination to the agency within the 60 day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the council's policy plan. No permit shall be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving such a facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the council finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities.

Sec. 56. Minnesota Statutes 1984, section 473.852, subdivision 8, is amended to read:

Subd. 8. "Metropolitan system plans" means the airports (PORTION) and transportation portions of the metropolitan development guide, and the policy plans, (DEVELOPMENT PROGRAMS) implementation plans, and capital budgets for metropolitan waste control, transportation, and regional recreation open space.

Sec. 57. [REPORT.]

The report required in 1986 by section 18, subdivision 3, of this act should be in the scope and detail that the council, in consultation with the advisory committee, deems appropriate and practicable.

Sec. 58. [EXISTING PLANS.]

Existing plans and development programs of the council and affected agencies remain in effect until expressly superseded by plans adopted in accordance with this act.

Sec. 59. [REPEALER.]

Minnesota Statutes 1984, sections 473.01; 473.02; 473.03; 473.04; 473.05; 473.06; 473.07; 473.08; 473.09; 473.10; 473.11; 473.121, subdivisions 7 and 9; 473.128; 473.163, subdivisions 3 and 4; 473.193; 473.203; 473.215; 473.216; 473.217; 473.218; 473.219; 473.373, subdivision 3; 473.377, subdivisions 2 and 3; 473.38, subdivision 1; 473.502; 473.523, subdivision 3; and 473.802 are repealed.

Sec. 60. [APPLICATION.]

Sections 1 to 59 of this act apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Sec-

tions 13 to 17 of this act are effective for plans and plan amendments adopted after January 1, 1987, and do not apply to the amendments to the transportation policy plan and transit implementation plan required to be adopted in 1986 by Laws 1984, chapter 654, article 3, sections 108 and 118."

Delete the title and insert:

"A bill for an act relating to metropolitan government; defining metropolitan agency; providing for appointments, administration, reports, and duties of metropolitan agencies; recodifying certain provisions; amending Minnesota Statutes 1984, sections 473.121, subdivisions 6 and 11, and by adding a subdivision; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 1, 2, 3, 4, and 4a; 473.146, subdivisions 1, 2, and 3; 473.149, subdivision 3; 473.161; 473.163, subdivisions 1 and 2; 473.171, subdivisions 1 and 2; 473.173, subdivisions 3 and 4; 473.194; 473.195, subdivision 4; 473.199; 473.201, subdivision 2; 473.245; 473.249, subdivision 1; 473.303, subdivisions 2, 4a, and 6; 473.373, subdivision 1; 473.377, subdivision 1; 473.409; 473.516, subdivision 2; 473.523, subdivisions 1 and 2; 473.535; 473.553, subdivision 4; 473.704, by adding a subdivision; 473.711, subdivision 4; 473.811, subdivision 7; 473.823, subdivision 3; 473.852, subdivision 8; Minnesota Statutes 1985 Supplement, sections 473.167, subdivision 3; 473.373, subdivision 4; 473.38, subdivision 2; and 473.39, subdivisions 1 and 1a; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.01 to 473.11; 473.121, subdivisions 7 and 9; 473.128; 473.163, subdivisions 3 and 4; 473.193; 473.203; 473.215 to 473.219; 473.373, subdivision 3; 473.377, subdivisions 2 and 3; 473.38, subdivision 1; 473.502; 473.523, subdivision 3; and 473.802."

We request adoption of this report and repassage of the bill.

House Conferees: MARY M. FORSYTHE, BRAD G. STANIUS and JOHN D. TOMLINSON.

Senate Conferees: A. W. "BILL" DIESSNER, DARRIL WEGSCHEID and FRITZ KNAAK.

Forsythe moved that the name of Stanius be shown as chief author and the name of Forsythe be shown as second author on H. F. No. 1860. The motion prevailed.

Stanius moved that the report of the Conference Committee on H. F. No. 1860 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1860, A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control com-

mission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 113 yeas and 9 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Knuth	O'Connor	Pappas	Scheid	Voss
Nelson, D.	Osthoff	Rice	Simoneau	

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2014

A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1;

204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

March 14, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2014, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2014 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [10A.241] [TRANSFER OF DEBTS.]

Notwithstanding any provisions of this chapter to the contrary except as provided in this section, a candidate may terminate the candidate's principal campaign committee for one state office by transferring any debts of that committee to the candidate's principal campaign committee for another state office, provided that any outstanding unpaid bills or loans from the committee being terminated are assumed and continuously reported by the committee to which the transfer is being made until paid or forgiven. A loan that is forgiven is covered by section 10A.20 and, for purposes of section 10A.32, is a contribution to the principal campaign committee from which the debt was transferred under this section.

Sec. 2. Minnesota Statutes 1984, section 201.018, subdivision 2, is amended to read:

Subd. 2. [(COUNTY WITH PERMANENT SYSTEM) REGISTRATION REQUIRED.] An eligible voter (WHO MAINTAINS RESIDENCE IN A COUNTY WITH A PERMANENT VOTER REGISTRATION SYSTEM) must register in a manner specified by section 201.054, in order to vote in any primary, special primary, general, or special election held in the county. An eligible voter who maintains residence in a school district which uses the county voter registration system as authorized by section 201.095, must register in a manner specified by section 201.054, in order to vote in any school election held in that district.

Sec. 3. Minnesota Statutes 1984, section 201.12, subdivision 2, is amended to read:

Subd. 2. [CHALLENGES.] Upon return of the notice by the postal service, the county auditor or his staff shall personally ascertain the name and address of that individual. If the individual is no longer at the address recorded in the original registration file, the county auditor shall affix the word "challenged" to the duplicate registration card. Any individual challenged in accordance with this subdivision shall comply with the provisions of section 204C.12, before being allowed to vote. *If a second notice mailed at least 60 days after the return of the first notice is also returned by the postal service, the county auditor may remove the original and duplicate cards from the registration file.*

Sec. 4. Minnesota Statutes 1984, section 201.15, subdivision 1, is amended to read:

Subdivision 1. [GUARDIANSHIPS, INCOMPETENTS AND PSYCHOPATHS.] The probate judge in each county shall report monthly to the county auditor the name and address of each individual 18 years of age or over, who maintains residence in that county and who, during the month preceding the date of the report:

- (a) was placed under a guardianship of the person;
- (b) adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation; or
- (c) was adjudged a psychopathic personality.

The judge shall also report the same information for each individual transferred to the jurisdiction of the court who meets a condition specified in clause (a), (b) or (c). Upon receipt of the report, the county auditor shall determine whether any individual named in the report is registered to vote. The county auditor shall attach a notice to the original and duplicate registration cards of any individual named in the report informing the election judges that the individual is not eligible to reregister or vote. The notice shall contain the reason for ineligibility, the date of the determination, and the dated signature of the county auditor. *The cards may be retained in the registration file for the entire period of the voter's ineligibility and need not be purged in accordance with section 201.171.*

Sec. 5. Minnesota Statutes 1984, section 202A.11, subdivision 2, is amended to read:

Subd. 2. [RIGHT TO USE.] A major political party which has adopted a party name is entitled to the exclusive use of that

name for the designation of its candidates on all ballots, and no candidate of any other (MAJOR) political party is entitled to have printed on a ballot as a party designation any part of that name.

Sec. 6. Minnesota Statutes 1984, section 202A.16, subdivision 1, is amended to read:

Subdivision 1. Only those individuals who are or will be eligible to vote (IN THE PRECINCT) at the time of the next state general election, may vote or be elected a delegate or officer at the precinct caucus. *An eligible voter may vote or be elected a delegate or officer only in the precinct where the voter resides at the time of the caucus.*

Sec. 7. Minnesota Statutes 1984, section 204B.03, is amended to read:

204B.03 [MANNER OF NOMINATION.]

Candidates of a major political party for (A) *any* partisan office *except presidential elector* and all candidates for non-partisan office shall apply for a place on the primary ballot by filing an affidavit of candidacy as provided in section 204B.06, and except as otherwise provided in section 204D.07, subdivision 3, shall be nominated by primary. Candidates for any partisan office who do not seek the nomination of a major political party shall be nominated by nominating petition as provided in sections 204B.07 and 204B.08, and, *except for presidential elector candidates*, shall file an affidavit of candidacy as provided in section 204B.06.

Sec. 8. Minnesota Statutes 1984, section 204B.06, subdivision 1, is amended to read:

Subdivision 1. [FORM OF AFFIDAVIT.] An affidavit of candidacy shall state the name of the office sought and shall state that the candidate:

- (a) Is an eligible voter;
- (b) Has no other affidavit on file as a candidate for any (OTHER) office at the same primary or next ensuing general election; and
- (c) Is, or will be on assuming the office, 21 years of age or more, and will have maintained residence in the district from which he seeks election for 30 days before the general election.

An affidavit of candidacy must include a statement that the candidate's name as written on the affidavit for ballot designa-

tion is the candidate's true name or the name by which the candidate is commonly and generally known in the community.

An affidavit of candidacy for partisan office shall also state the name of the candidate's political party or political principle, stated in three words or less.

Sec. 9. Minnesota Statutes 1984, section 204B.07, subdivision 1, is amended to read:

Subdivision 1. [FORM OF PETITION.] A nominating petition may consist of one or more separate pages each of which shall state:

(a) The office sought;

(b) The candidate's name and residence address, including street and number if any; and

(c) The candidate's political party or political principle expressed in not more than three words. No candidate who files for a partisan office by nominating petition shall use the term "nonpartisan" as a statement of his political principle or the name of his political party. *No part of the name of a major political party may be used to designate the political party or principle of a candidate who files for a partisan office by nominating petition, except that the word "independent" may be used to designate the party or principle.* A candidate who files by nominating petition to fill a vacancy in nomination for a nonpartisan office pursuant to section 204B.13, shall not state any political principle or the name of any political party on the petition.

Sec. 10. Minnesota Statutes 1984, section 204B.07, subdivision 4, is amended to read:

Subd. 4. [OATH AND ADDRESS OF SIGNER.] Following the information required by subdivisions 1 and 2 and before the space for signing, each separate page that is part of the petition shall include an oath in the following form:

"I solemnly swear (or affirm) that I know the contents and purpose of this petition, that I do not intend to vote at the primary election for the office for which this nominating petition is made, and that I signed this petition of my own free will."

Notarization or certification of the signatures on a nominating petition is not required. (AFTER THE NAME OF EACH SIGNER SHALL BE WRITTEN) *Immediately after the signature, the signer shall write on the petition the signer's residence address including street and number, if any, and mailing address if different from residence address.*

Sec. 11. Minnesota Statutes 1984, section 204B.09, subdivision 1, is amended to read:

Subdivision 1. [CANDIDATES IN STATE AND COUNTY GENERAL ELECTIONS.] Except as otherwise provided by this subdivision, affidavits of candidacy and nominating petitions for county, state and federal offices filed at the state general election shall be filed not more than 70 days nor less than 56 days before the state primary. Candidates for presidential electors may file (AFFIDAVITS AND) petitions on or before the state primary day. Nominating petitions to fill vacancies in nominations shall be filed as provided in section 204B.13. No affidavit or petition shall be accepted later than 5:00 p.m. on the last day for filing. Affidavits and petitions for offices to be voted on in only one county shall be filed with the county auditor of that county. Affidavits and petitions for offices to be voted on in more than one county shall be filed with the secretary of state.

Sec. 12. Minnesota Statutes 1984, section 204B.10, is amended by adding a subdivision to read:

Subd. 5. [IMPROPER NAME.] If the filing officer determines that use on the ballot of the candidate's name as written on the affidavit of candidacy would violate section 204B.35, subdivision 2, the filing officer shall immediately notify the candidate and shall certify for the ballot the candidate's true name instead of the name as written on the affidavit.

Sec. 13. Minnesota Statutes 1984, section 204B.12, subdivision 3, is amended to read:

Subd. 3. [TIME FOR FILING.] An affidavit of withdrawal filed pursuant to subdivision 1 (OR 2) shall not be accepted later than 5:00 p.m. on the last day for withdrawal.

Sec. 14. Minnesota Statutes 1984, section 204B.35, subdivision 2, is amended to read:

Subd. 2. [MANNER OF PREPARATION.] Ballots shall be prepared in a manner that enables the voters to understand which questions are to be voted upon and the identity and number of candidates to be voted for in each office and to designate their choices easily and accurately. The name of a candidate shall not appear on a ballot in any way that gives the candidate an advantage over his opponent, *including words descriptive of the candidate's occupation, qualifications, principles, or opinions*, except as otherwise provided by law.

Sec. 15. Minnesota Statutes 1984, section 204C.40, subdivision 1, is amended to read:

Subdivision 1. [PREPARATION; METHOD OF DELIVERY.] The county auditor shall prepare an election certificate for every candidate declared elected by the county canvassing board, and the secretary of state shall prepare a certificate for every candidate declared elected by the state canvassing board. Except as otherwise provided in this section, the secretary of state or county auditor, as appropriate, shall deliver an election certificate on demand to the elected candidate. *In an election for United States representative in congress the filing officer shall deliver the original election certificate to the chief clerk of the United States house of representatives. In an election for United States senator, the governor shall prepare an original certificate of election, countersigned by the secretary of state, and deliver it to the secretary of the United States senate.* In an election for state representative or state senator, the (COUNTY AUDITOR OR SECRETARY OF STATE) *filing officer* shall deliver the original election certificate to the chief clerk of the house or the secretary of the senate. The chief clerk of the house or the secretary of the senate shall give a copy of the certificate to the representative-elect or senator-elect. Upon taking the oath of office, the representative or senator shall receive the original certificate of election. If a recount is undertaken by a canvassing board pursuant to section 204C.35, no certificate of election shall be prepared or delivered until after the recount is completed. In case of a contest, the court may invalidate and revoke the certificate as provided in chapter 209.

Sec. 16. Minnesota Statutes 1984, section 204D.11, subdivision 3, is amended to read:

Subd. 3. [CANARY BALLOT (; GRAY BALLOT).] All questions and the names of all candidates for offices to be voted on at the state general election which are not placed on the white ballot shall be placed on a single ballot printed on canary paper which shall be known as the "canary ballot". The canary ballot shall be prepared by the county auditor.

(WHEN THE LENGTH OF THE CANARY BALLOT WOULD EXCEED 30 INCHES, ALL OF THE MUNICIPAL JUDICIAL OFFICES THAT ARE TO BE PLACED ON THE CANARY BALLOT MAY BE PLACED INSTEAD ON A SINGLE SEPARATE BALLOT PRINTED ON GRAY PAPER. SEPARATE BALLOT BOXES MUST BE PROVIDED FOR THESE GRAY BALLOTS.)

Sec. 17. Minnesota Statutes 1984, section 204D.11, subdivision 5, is amended to read:

Subd. 5. [BALLOT HEADINGS.] The white, pink and special federal white ballot shall be headed with the words "State General Election Ballot." The canary ballot shall be headed with the words "County and Judicial (DISTRICT) Nonpartisan Gen-

eral Election Ballot." (WHEN THE CANARY BALLOT IS DIVIDED INTO TWO SEPARATE BALLOTS AS PROVIDED IN SUBDIVISION 3, THE BALLOT PRINTED ON CANARY PAPER MUST BE HEADED "COUNTY NONPARTISAN GENERAL ELECTION BALLOT" AND THE BALLOT PRINTED ON GRAY PAPER MUST BE HEADED "JUDICIAL MUNICIPAL NONPARTISAN GENERAL ELECTION BALLOT.")

Sec. 18. Minnesota Statutes 1984, section 204D.11, subdivision 6, is amended to read:

Subd. 6. [GRAY BALLOT.] (ALL SOIL AND WATER CONSERVATION DISTRICT SUPERVISOR OFFICES THAT ARE TO BE PLACED ON THE CANARY BALLOT UNDER THE PROVISIONS OF SECTION 40.05 MAY BE PLACED INSTEAD ON A SINGLE SEPARATE BALLOT PRINTED ON GRAY PAPER.) *When the canary ballot would be longer than 30 inches, the following offices that should be placed on the canary ballot may be placed instead on a separate gray ballot:*

(a) *all soil and water conservation district supervisor offices;*
or

(b) *all soil and water conservation district supervisor and all county or municipal judicial offices; or*

(c) *all soil and water conservation district supervisor, all county or municipal judicial offices, and all district judicial offices.*

The gray ballot must be headed with the words: "District Non-partisan General Election Ballot." Separate ballot boxes must be provided for these gray ballots. (SO FAR AS IS PRACTICABLE, GRAY BALLOTS MUST BE DISTRIBUTED TO VOTERS, HANDLED, COUNTED, AND CANVASSED IN THE MANNER PROVIDED BY LAW FOR PRECINCTS USING ONLY PAPER BALLOTS. THE CANVASS OF THE GRAY PAPER BALLOTS MUST NOT DELAY THE CANVASS OF VOTES RECORDED ON THE VOTING MACHINES. A SEPARATE SUMMARY STATEMENT MAY BE PROVIDED FOR REPORTING OF THE CANVASS OF THE GRAY PAPER BALLOTS. THE RETURNS FROM THE VOTING MACHINES MAY BE FILED AS PROVIDED IN SECTION 206.21 BEFORE THE CANVASS OF THE GRAY PAPER BALLOTS IS COMPLETED. ADDITIONAL OR REPLACEMENT ELECTION JUDGES MAY BE APPOINTED TO COUNT THE GRAY PAPER BALLOTS. SOIL AND WATER DISTRICT SUPERVISOR OFFICES MAY BE PLACED ON THE SAME SEPARATE GRAY PAPER BALLOT USED FOR ANY OTHER OFFICES WHICH ARE PLACED ON A SEPARATE GRAY PAPER BALLOT UNDER THE PROVISIONS OF STATE LAW.)

Sec. 19. Minnesota Statutes 1984, section 206.71, is amended by adding a subdivision to read:

Subd. 4. [INADEQUATE SPACE ON MACHINE.] When the number of offices and questions to be voted on exceeds the maximum number that can be included on the lever voting machines in use in any precinct, a separate gray paper ballot shall be prepared as provided in section 204D.11, subdivision 6. Separate ballot boxes must be provided for these gray ballots. So far as is practicable, gray ballots must be distributed to voters, handled, counted, and canvassed in the manner provided by law for precincts using only paper ballots. The canvass of the gray paper ballots must not delay the canvass of votes recorded on the voting machines. A separate summary statement may be provided for reporting of the canvass of the gray paper ballots. The returns from the voting machines may be filed as provided in section 206.75, subdivision 2, before the canvass of the gray paper ballots is completed. Additional or replacement election judges may be appointed to count the gray paper ballots.

Sec. 20. Minnesota Statutes 1984, section 208.03, is amended to read:

208.03 [NOMINATION OF PRESIDENTIAL ELECTORS.]

Presidential electors for the (SEVERAL) major political parties of this state shall be nominated by delegate conventions called and held under the supervision of the respective state central committees of the parties of this state. (THE NAMES OF THE PERSONS NOMINATED AS PRESIDENTIAL ELECTORS SHALL BE CERTIFIED TO THE SECRETARY OF STATE BY THE CHAIRPERSON OF THE CONVENTION FOR THE OFFICE OF PRESIDENTIAL ELECTOR) On or before primary election day the chairperson of the major political party shall certify to the secretary of state the names of the persons nominated as presidential electors and the names of the party candidates for president and vice president.

Sec. 21. Laws 1980, chapter 362, section 8, subdivision 1, is amended to read:

Sec. 8. [CAMPAIGN REPORTS.]

Subdivision 1. [COMMITTEES REQUIRED TO REPORT; DEADLINES.] The treasurer of any political committee, political fund or principal campaign committee required to register pursuant to section 6 shall also file campaign reports with the filing officer. *In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee shall be filed ten days before a regular primary and a regular election. Political committees and political funds other than principal campaign committees shall file campaign reports (SHALL*

BE FILED) ten days before (ANY) a regular primary or regular election. The treasurer of a principal campaign committee shall file additional reports ten days before a special primary or other special election and 30 days after a special election. The reports shall cover the period from the last day of the previous reporting period to seven days before the filing date. An additional campaign report shall be filed by all treasurers on January 31 of each year covering the period from the last day of the previous reporting period to December 31 of the preceding calendar year.

Sec. 22. [EFFECTIVE DATE.]

This act is effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to elections; providing for transfer of certain campaign debts; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, and election certificates; changing certain reporting requirements; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivisions 1 and 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03; Laws 1980, chapter 362, section 8, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 10A."

We request adoption of this report and repassage of the bill.

House Conferees: GORDON BACKLUND, TOM OSTHOFF and CRAIG H. SHAVER.

Senate Conferees: JEROME M. HUGHES, DEAN E. JOHNSON and DONNA C. PETERSON.

Backlund moved that the report of the Conference Committee on H. F. No. 2014 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2014, A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3;

204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2294

A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

March 15, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2294, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2294 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Laws 1967, chapter 252, section 2, as amended by Laws 1971, chapter 683, section 1, Laws 1983, chapter 161, section 1, Laws 1984, chapter 608, section 5, and Laws 1985, chapter 176, section 1, is amended to read:

Sec. 2. [INDEPENDENT SCHOOL DISTRICT NO. 709; EMPLOYEES; EXCEPTIONS.] The term "employees," as used in this act, shall not include members of the school board, superintendent of schools, assistant superintendents of schools, teachers, other employees of the school district whose positions require them to be certified pursuant to rules and regulations adopted by the state board of education, directors, administrative assistants, clerical or similar workers, food service workers, educational assistants *except for classification and reclassification of positions*, deputy clerk and purchasing agent, supervisors, advisors, coordinators, physicians, attorney, nurses, and temporary employees.

Sec. 2. [383C.392] [GRANTS FOR HOT LUNCHES IN CERTAIN RURAL SCHOOLS.]

Subdivision 1. [ST. LOUIS COUNTY GRANTS.] In St. Louis county, the social services board shall award grants each year for St. Louis county school district No. 710 to carry on a nutrition program in the schools and to provide hot lunches for needy school children. The total amount of the grants shall be not more than \$20,000. The county shall appropriate the amount needed each year from the general fund to the social services department.

Subd. 2. [ADMINISTRATION.] A committee of the chair of the county board, chair of the social services board, county health officer, and the superintendent of St. Louis county school district No. 710 shall award the grants. The committee shall establish the time and manner of grant applications and the criteria for awarding grants. The committee shall recommend to the social services board recipients for the grants and the recommended amount for each grant.

Sec. 3. [REPEALER.]

Minnesota Statutes 1984, section 383C.391 is repealed.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective upon compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to St. Louis county; education and labor; removing persons from civil service in independent school district No. 709, Duluth; providing for grants for hot lunches in rural schools; amending Laws 1967, chapter 252, section 2, as amended; proposing coding for new law in Minnesota Statutes, chapter 383C; repealing Minnesota Statutes 1984, section 383C.391."

We request adoption of this report and repassage of the bill.

House Conferees: MIKE JAROS, BEN BOO and WENDELL O. ERICKSON.

Senate Conferees: SAM G. SOLON, RONALD R. DICKLICH and JIM GUSTAFSON.

Jaros moved that the report of the Conference Committee on H. F. No. 2294 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2294, A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Clark	Erickson	Gutknecht
Anderson, R.	Boerboom	Cohen	Fjoslien	Hartinger
Backlund	Brandl	Dempsey	Forsythe	Hartle
Battaglia	Brinkman	DenOuden	Frederick	Haukoos
Beard	Brown	Dimler	Frederickson	Himle
Becklin	Burger	Dyke	Frerichs	Jacobs
Begich	Carlson, D.	Elioff	Greenfield	Jaros
Bennett	Carlson, L.	Ellingson	Gruenes	Jennings, L.

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

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 654

A bill for an act relating to crimes; establishing mandatory minimum terms of imprisonment for the crimes of residential burglary, burglary of an occupied dwelling, aggravated robbery of a pharmacy, and selling cocaine, heroin, and hallucinogens; amending Minnesota Statutes 1984, sections 152.15, by adding subdivisions; 609.245; and 609.582, by adding subdivisions.

March 15, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 654, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 654 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 152.15, subdivision 1, is amended to read:

Subdivision 1. Any person who violates section 152.09, subdivision 1, clause (1) with respect to:

(1) *Seven or more grams or ten or more dosage units, when the substance is not sold by weight, of any controlled substance*

classified in schedule I or II which is a narcotic drug, or of Phencyclidine or any hallucinogen listed in section 152.02, subdivision 2, clause (3), or Minnesota Rules, part 6800.4210, item C, except marijuana or tetrahydrocannabinols, is guilty of a crime and upon conviction may be imprisoned for not more than 20 years or fined not more than \$60,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than two years nor more than 30 years or fined not more than \$100,000, or both;

((1) A) (2) Any other amount of any controlled substance classified in Schedule I or II which is a narcotic drug, is guilty of a crime and upon conviction may be imprisoned for not more than 15 years or fined not more than \$40,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than 30 years or fined not more than \$50,000, or both;

((2)) (3) Any other controlled substance classified in Schedule I, II, or III, is guilty of a crime and upon conviction may be imprisoned for not more than five years, fined not more than \$30,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than ten years or fined not more than \$45,000, or both;

((3)) (4) A substance classified in Schedule IV, is guilty of a crime and upon conviction may be imprisoned for not more than three years, fined not more than \$20,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than six months nor more than six years or fined not more than \$35,000, or both;

((4)) (5) A substance classified in Schedule V, is guilty of a crime and upon conviction may be imprisoned for not more than one year, fined not more than \$3,000, or both;

((5)) (6) The distribution of a small amount of marijuana for no remuneration, shall be treated as provided in subdivision 2, clause (5).

Sec. 2. Minnesota Statutes 1984, section 152.15, subdivision 4, is amended to read:

Subd. 4. Any person 18 years of age or over who violates section 152.09, subdivision 1, clause (1), by distributing a controlled substance listed in Schedules I or II which is a narcotic drug to a person under 18 years of age who is at least three years his junior is punishable by the fine authorized by section 152.15, subdivision 1, (CLAUSE) *clauses (1) or (2)*, by a term of imprisonment of up to twice that authorized by section 152.15, subdivision 1, (CLAUSE) *clauses (1) or (2)*, or by both. Any person

18 years of age or over who violates section 152.09, subdivision 1, by distributing any other controlled substance listed in Schedules I, II, III, IV, and V, except marijuana, to a person under 18 years of age who is at least three years his junior is punishable by the fine authorized by section 152.15, subdivision 1, clauses ((2),) (3), (OR) (4), or (5), by a term of imprisonment up to twice that authorized by section 152.15, subdivision 1, clauses ((2),) (3), (OR) (4), or (5), or both.

Sec. 3. Minnesota Statutes 1984, section 152.15, subdivision 5, is amended to read:

Subd. 5. Any person convicted of a second or subsequent offense under (LAWS 1971, CHAPTER 937) *this chapter*, except as provided in subdivision 1, clauses (1), (2), (3), (4), and ((5)) (6) may be imprisoned for a term up to twice the term otherwise authorized, fined an amount up to twice that otherwise authorized, or both.

Sec. 4. [297D.01] [DEFINITIONS.]

Subdivision 1. "Marijuana" means any marijuana, whether real or counterfeit, as defined in section 152.01, subdivision 9, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws.

Subd. 2. "Controlled substance" means any drug or substance, whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled substance" does not include marijuana.

Subd. 3. "Dealer" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42-1/2 grams of marijuana, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight.

Subd. 4. "Commissioner" means the commissioner of revenue.

Sec. 5. [297D.02] [ADMINISTRATION.]

The commissioner of revenue shall administer this chapter. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. The commissioner shall collect all taxes under this chapter.

Sec. 6. [297D.03] [RULES.]

The commissioner may adopt rules necessary to enforce this chapter. The commissioner shall adopt a uniform system of pro-

viding, affixing, and displaying official stamps, official labels, or other official indicia for marijuana and controlled substances on which a tax is imposed.

Sec. 7. [297D.04] [TAX PAYMENT REQUIRED FOR POSSESSION.]

No dealer may possess any marijuana or controlled substance upon which a tax is imposed by section 11 unless the tax has been paid on the marijuana or other controlled substance as evidenced by a stamp or other official indicia.

Sec. 8. [297D.05] [NO IMMUNITY.]

Nothing in this chapter may in any manner provide immunity for a dealer from criminal prosecution pursuant to Minnesota law.

Sec. 9. [297D.06] [PHARMACEUTICALS.]

Nothing in this chapter requires persons registered under chapter 151 or otherwise lawfully in possession of marijuana or a controlled substance to pay the tax required under this chapter.

Sec. 10. [297D.07] [MEASUREMENT.]

For the purpose of calculating the tax under section 11, an ounce of marijuana or other controlled substance is measured by the weight of the substance in the dealer's possession.

Sec. 11. [297D.08] [TAX RATE.]

A tax is imposed on marijuana and controlled substances as defined in section 4 at the following rates:

- (1) on each gram of marijuana, or each portion of a gram, \$3.50; and*
- (2) on each gram of controlled substance, or portion of a gram, \$200; or*
- (3) on each 50 dosage units of a controlled substance that is not sold by weight, or portion thereof, \$2,000.*

Sec. 12. [297D.09] [FAILURE TO FILE, FILING FALSE OR FRAUDULENT RETURN; INTENT TO EVADE TAX; CRIMINAL PROVISIONS.]

Subdivision 1. [PENALTIES.] Any dealer violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 11. In addition to the tax

penalty imposed, a dealer distributing or possessing marijuana or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Subd. 2. [STATUTE OF LIMITATIONS.] Notwithstanding section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed upon any criminal offense specified in this section, in the proper court within six years after the commission of this offense.

Sec. 13. [297D.10] [STAMP PRICE.]

Official stamps, labels, or other indicia to be affixed to all marijuana or controlled substances shall be purchased from the department. The purchaser shall pay 100 percent of face value for each stamp, label, or other indicia at the time of the purchase. The department shall make the stamps, labels, or other indicia in denominations in multiples of ten dollars.

Sec. 14. [297D.11] [PAYMENT DUE.]

Subdivision 1. [STAMPS AFFIXED.] When a dealer purchases, acquires, transports, or imports into this state marijuana or controlled substances on which a tax is imposed by section 11, and if the indicia evidencing the payment of the tax have not already been affixed, the dealer shall have them permanently affixed on the marijuana or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.

Subd. 2. [PAYABLE ON POSSESSION.] Taxes imposed upon marijuana or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a dealer.

Sec. 15. [297D.12] [ALL ASSESSMENTS ARE JEOPARDY.]

Subdivision 1. [ASSESSMENT PROCEDURE.] An assessment for a dealer not possessing stamps or other official indicia showing that the tax has been paid shall be considered a jeopardy assessment or collection, as provided in section 270.70. The commissioner shall assess a tax based on personal knowledge or information available to the commissioner; mail the taxpayer at the taxpayer's last known address or serve in person, a written notice of the amount of tax; demand its immediate payment; and, if payment is not immediately made, collect the tax by any method prescribed in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. Section 270.70, subdivision 4, paragraph (a), does not apply to this chapter.

Subd. 2. [INJUNCTION PROHIBITED.] No person may bring suit to enjoin the assessment or collection of any taxes, interest, or penalties imposed by this chapter.

Subd. 3. [STANDARD OF PROOF.] The tax and penalties assessed by the commissioner are presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show their incorrectness or invalidity. Any statement filed by the commissioner with the court administrator, or any other certificate by the commissioner of the amount of tax and penalties determined or assessed is admissible in evidence and is prima facie evidence of the facts it contains.

Sec. 16. [297D.13] [CONFIDENTIAL NATURE OF INFORMATION.]

Neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter, nor can any information contained in such a report or return be used against the dealer in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making the return.

Sec. 17. [297D.14] [INVESTIGATORY POWERS.]

For the purpose of determining the correctness of any return, determining the amount of tax that should have been paid, determining whether or not the dealer should have made a return or paid taxes, or collecting any taxes under this chapter, the commissioner may examine, or cause to be examined, any books, papers, records, or memoranda, that may be relevant to making such determinations, whether the books, papers, records, or memoranda, are the property of or in the possession of the dealer or another person. The commissioner may require the attendance of any person having knowledge or information that may be relevant, compel the production of books, papers, records, or memoranda by persons required to attend, take testimony on matters material to the determination, and administer oaths or affirmations. Upon demand of the commissioner or any examiner or investigator, the court administrator of any court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, and memoranda. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter is punishable by the district court of the district in which the subpoena is issued, or, if the subpoena is issued by the commissioner, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of district court.

Sec. 18. Minnesota Statutes 1984, section 609.50, is amended to read:

609.50 [OBSTRUCTING LEGAL PROCESS OR ARREST.]

Whoever intentionally obstructs, hinders or prevents the lawful execution of any legal process, civil or criminal, or apprehension of another on a charge or conviction of a criminal offense or interferes with a peace officer while the officer is engaged in the performance of his official duties, *or by force or threat of force endeavors to obstruct any employee of the department of revenue while the employee is lawfully engaged in the performance of official duties for the purpose of deterring or interfering with the performance of those duties*, may be sentenced as follows:

(1) If the act was accompanied by force or violence or the threat thereof, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(2) In other cases to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.

Sec. 19. Minnesota Statutes 1984, section 609.582, is amended by adding a subdivision to read:

Subd. 1a. [MANDATORY MINIMUM SENTENCE FOR BURGLARY OF OCCUPIED DWELLING.] A person convicted of committing burglary of an occupied dwelling, as defined in subdivision 1, clause (a), must be committed to the commissioner of corrections or county workhouse for a mandatory minimum term of imprisonment of not less than six months.

Sec. 20. Minnesota Statutes 1984, section 609.583, is amended to read:

609.583 [SENTENCING; FIRST BURGLARY OF A DWELLING.]

Except as provided in section 609.582, subdivision 1a, in determining an appropriate disposition for a first offense of burglary of a dwelling, the court shall presume that a stay of execution with a 90-day period of incarceration as a condition of probation shall be imposed unless the defendant's criminal history score determined according to the sentencing guidelines indicates a presumptive executed sentence, in which case the presumptive executed sentence shall be imposed unless the court departs from the sentencing guidelines pursuant to section 244.10. A stay of imposition of sentence may be granted only if accompanied by a statement on the record of the reasons for it. The presumptive period of incarceration may be waived in whole or in part by the court if the defendant provides restitution or performs community work service.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 3 and 18 to 20 are effective August 1, 1986, and apply to crimes committed on or after that date. Sections 4 to 17 are effective August 1, 1986."

Delete the title and insert:

"A bill for an act relating to crime; establishing terms of imprisonment for the crime of selling larger quantities of schedule II narcotics and hallucinogens; imposing a tax on marijuana and controlled substances; providing for the crime of using force or threats against revenue department employees; establishing a minimum jail term for burglary of a dwelling; amending Minnesota Statutes 1984, sections 152.15, subdivisions 1, 4, and 5; 609.50; 609.582, by adding a subdivision; and 609.583; proposing coding for new law as Minnesota Statutes, chapter 297D."

We request adoption of this report and repassage of the bill.

House Conferees: MARCUS M. MARSH, KATHLEEN A. BLATZ and RANDY C. KELLY.

Senate Conferees: TAD JUDE, ALLAN H. SPEAR and GENE MERRIAM.

Marsh moved that the report of the Conference Committee on H. F. No. 654 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 654, A bill for an act relating to crimes; establishing mandatory minimum terms of imprisonment for the crimes of residential burglary, burglary of an occupied dwelling, aggravated robbery of a pharmacy, and selling cocaine, heroin, and hallucinogens; amending Minnesota Statutes 1984, sections 152.15, by adding subdivisions; 609.245; and 609.582, by adding subdivisions.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Boerboom	Brinkman
Anderson, R.	Beard	Bennett	Boo	Brown
Backlund	Becklin	Blatz	Brandl	Burger

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

Those who voted in the negative were:

Kahn

The bill was repassed, as amended by Conference, and its title agreed to.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 707:

Knickerbocker, Simoneau, Gutknecht, Sviggum and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1910:

Ozment, Johnson and Anderson, G.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1744:

Quist, Kiffmeyer and Erickson.

SPECIAL ORDERS

S. F. No. 2114 was reported to the House.

Welle, Riveness and Krueger moved to amend S. F. No. 2114, as follows:

Page 8, line 28, delete "*seven-tenths*" and insert "*six-tenths*"

A roll call was requested and properly seconded.

The question was taken on the Welle et al., amendment and the roll was called.

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

There were 62 yeas and 65 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

The Speaker called Halberg to the Chair.

Wenzel was excused between the hours of 2:15 p.m. and 4:15 p.m.

S. F. No. 2114 was read for the third time.

MOTION FOR RECONSIDERATION

Begich moved that the action whereby S. F. No. 2114 was given its third reading be now reconsidered.

A roll call was requested and properly seconded.

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

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

There were 65 yeas and 67 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

The motion did not prevail.

The Speaker pro tempore Halberg called Dempsey to the Chair.

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 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 85 yeas and 46 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

S. F. No. 1745, A bill for an act relating to state lands; authorizing sale of Pearl Lake lakeshore parcel in Stearns county.

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.

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

The bill was passed and its title agreed to.

S. F. No. 2171, A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing first responders to drive life support transportation service vehicles under certain conditions; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, subdivision 3, 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.

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

The bill was passed and its title agreed to.

S. F. No. 2147 was reported to the House.

Onnen moved to amend S. F. No. 2147, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 144.-562, subdivision 3, is amended to read:

Subd. 3. [APPROVAL OF LICENSE CONDITION.] The commissioner of health shall approve a license condition for swing beds if the hospital meets all of the criteria of this subdivision:

(a) The hospital must meet the eligibility criteria in subdivision 2.

(b) The hospital must be in compliance with the medicare conditions of participation for swing beds under Code of Federal Regulations, title 42, section 405.1041.

(c) The hospital must agree, in writing, to limit the length of stay of a patient receiving services in a swing bed to not more than 40 days, or the duration of medicare eligibility, unless the commissioner of health approves a greater length of stay in an emergency situation. To determine whether an emergency situation exists, the commissioner shall require the hospital to provide documentation that continued services in the swing bed are required by the patient; that no skilled nursing facility beds are available within 25 miles from the patient's home, or in some more remote facility of the resident's choice, that can provide the appropriate level of services required by the patient; and that other alternative services are not available to meet the needs of the patient. If the commissioner approves a greater length of stay, the hospital shall develop a plan providing for the discharge of the patient upon the availability of a nursing home bed or other services that meet the needs of the patient. Permission to extend a patient's length of stay must be requested by the hospital at least ten days prior to the end of the maximum length of stay.

(d) The hospital must agree, in writing, to limit admission to a swing bed only to (1) patients who have been hospitalized and not yet discharged from the facility, or (2) *patients who are transferred directly from an acute care hospital.*

(e) The hospital must agree, in writing, to report to the commissioner of health by December 1, 1985, and annually thereafter, in a manner required by the commissioner (1) the number of patients readmitted to a swing bed within 60 days of a patient's discharge from the facility, (2) the hospital's charges for care in a swing bed during the reporting period with a description of the care provided for the rate charged, and (3) the number of beds used by the hospital for transitional care and similar subacute inpatient care.

(f) The hospital must agree, in writing, to report statistical data on the utilization of the swing beds on forms supplied by the commissioner. The data must include the number of swing beds, the number of admissions to and discharges from swing beds, medicare reimbursed patient days, total patient days, and other information required by the commissioner to assess the utilization of swing beds.

Sec. 2. [144.564] [MONITORING OF SUBACUTE OR TRANSITIONAL CARE SERVICES.]

Subdivision 1. [HOSPITAL DATA.] The commissioner of health shall monitor the provision of subacute or transitional care services provided in hospitals. All hospitals providing these ser-

vices must report statistical data on the extent and utilization of these services on forms supplied by the commissioner. The data must include the following information: the number of admissions to and discharges from subacute or transitional care beds, charges for services in these beds, the length of stay and total patient days, admission origin and discharge destination, and other information required by the commissioner to assess the utilization of these services. For purposes of this subdivision, subacute or transitional care services is care provided in a hospital bed to patients who have been hospitalized and no longer meet established acute care criteria, and care provided to patients who are admitted for respite care.

Subd. 2. [NURSING HOME DATA.] Nursing homes which provide services to individuals whose length of stay in the facility is less than 42 days shall report the data required by subdivision 1 on forms supplied by the commissioner of health.

Subd. 3. [ANNUAL REPORT.] The commissioner shall monitor the provision of services described in this section and shall report annually to the legislature concerning these services, including recommendations on the need for legislation.

Sec. 3. Minnesota Statutes 1984, section 144.801, subdivision 4, is amended to read:

Subd. 4. "Life support transportation service" means transportation and treatment which is rendered or offered to be rendered preliminary to or during transportation to, from, or between health care facilities for ill or injured persons, or expectant mothers. The term includes all transportation involving the use of a stretcher, unless the person to be transported is not likely to require life support transportation service and medical treatment during the course of transport.

Sec. 4. Minnesota Statutes 1984, section 174.29, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For the purpose of sections 174.29 to 174.31 "special transportation service" means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed exclusively or primarily to serve individuals who are elderly, handicapped, or disabled and who are unable to use regular means of transportation but do not require life support transportation service, as defined in section 144.801, subdivision 4. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, taxis, and volunteers driving private automobiles.

Sec. 5. Minnesota Statutes 1984, section 251.011, subdivision 4, is amended to read:

Subd. 4. [OAK TERRACE NURSING HOME.] Any portion or unit of Glen Lake Sanatorium not used for the treatment of tuberculosis patients may be used by the commissioner of human services for the care of geriatric patients, under the name of Oak Terrace Nursing Home.

The commissioner of administration may lease any portion or unit of Oak Terrace Nursing Home for the purpose of providing food and shelter for the homeless.

Sec. 6. Minnesota Statutes 1985 Supplement, section 256.969, subdivision 2, is amended to read:

Subd. 2. [RATES FOR INPATIENT HOSPITALS.] Rates paid to inpatient hospitals shall be based on a rate per admission until the commissioner can begin to reimburse hospitals for services under the medical assistance and general assistance medical care programs based upon a diagnostic classification system appropriate to the service populations. On July 1, 1984, the commissioner shall begin to utilize to the extent possible existing classification systems, including medicare. The commissioner may incorporate the grouping of hospitals with similar characteristics for uniform rates upon the development and implementation of the diagnostic classification system. Prior to implementation of the diagnostic classification system, the commissioner shall report the proposed grouping of hospitals to the senate health and human services committee and the house health and welfare committee. *Effective August 1, 1985, the computation of the base year cost per admission and the computation of the relative values of the diagnostic categories must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs and days beyond that point. Claims paid for care provided on or after August 1, 1985, may be adjusted to reflect a recomputation of rates. The commissioner shall reconstitute the diagnostic categories to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories after notice in the state register and a 30 day comment period. After May 1, 1986, acute care hospital billings under the medical assistance and general assistance medical care programs must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments with inpatient hospitals that have individual patient lengths of stay in excess of 30 days regardless of diagnosis-related group. For purposes of establishing interim rates, the commissioner is exempt from the requirements of chapter 14. Medical assistance and general assistance medical care reimbursement for treatment of mental illness shall be reimbursed based upon diagnosis classifications. The commissioner may selectively contract with hospitals for services within the diagnostic classifications relating to mental illness and chemical dependency under competitive bidding when reasonable geo-*

graphic access by recipients can be assured. No physician shall be denied the privilege of treating a recipient required to utilize a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital.

Sec. 7. Minnesota Statutes 1985 Supplement, section 256B.-091, subdivision 2, is amended to read:

Subd. 2. [SCREENING TEAMS; ESTABLISHMENT.] Each county agency designated by the commissioner of human services to participate in the program shall contract with the local board of health organized under sections 145.911 to 145.922 or other public or nonprofit agency to establish a screening team to assess the health and social needs of all applicants prior to admission to a nursing home or a boarding care home licensed under section 144A.02 or sections 144.50 to 144.56, that is certified for medical assistance as a skilled nursing facility, intermediate care facility level I, or intermediate care facility level II. Each local screening team shall be composed of a public health nurse from the local public health nursing service and a social worker from the local community welfare agency. Each screening team shall have a physician available for consultation and shall utilize individuals' attending physicians' physical assessment forms, if any, in assessing needs. The individual's physician shall be included on the screening team if the physician chooses to participate. If a person who has been screened must be reassessed for purposes of assigning a case mix classification because admission to a nursing home occurs later than the time allowed by rule following the initial screening and assessment, the reassessment may be completed by the public health nurse member of the screening team. If the individual is being discharged from an acute care facility, a discharge planner from that facility may be present, at the facility's request, during the screening team's assessment of the individual and may participate in discussions but not in making the screening team's recommendations under subdivision 3, clause (e). If the assessment procedure or screening team recommendation results in a delay of the individual's discharge from the acute care facility, the facility shall not be denied medical assistance reimbursement or incur any other financial or regulatory penalty of the medical assistance program that would otherwise be caused by the individual's extended length of stay; 50 percent of the cost of this reimbursement or financial or regulatory penalty shall be paid by the state and 50 percent shall be paid by the county. Other personnel as deemed appropriate by the county agency may be included on the team. The county agency may contract with an acute care facility to have the facility's discharge planners perform the functions of a screening team with regard to individuals discharged from the facility and in those cases the discharge planners may participate in making recommendations under subdivision 3, clause (e). No member of a screening team shall have a direct or indirect financial or self-serving interest in a nursing

home or noninstitutional referral such that it would not be possible for the member to consider each case objectively.

Individuals not eligible for medical assistance who are being transferred from a hospital to a nursing home may be screened by only one member of the screening team in consultation with the other member. The interagency board for quality assurance, with the participation of members of screening teams, shall identify other circumstances when it would be appropriate for only one member of a screening team to conduct the nursing home preadmission screenings. The committee shall report its recommendations to the legislature in January, 1987.

Sec. 8. Minnesota Statutes 1985 Supplement, section 256B.091, subdivision 4, is amended to read:

Subd. 4. [SCREENING OF PERSONS.] Prior to nursing home or boarding care home admission, screening teams shall assess the needs of all applicants, except (1) patients transferred from other nursing homes; (2) patients who, having entered acute care facilities from nursing homes, are returning to nursing home care; (3) persons entering a facility described in section 256B.431, subdivision 4, paragraph (b); (4) *individuals not eligible for medical assistance whose length of stay is expected to be 30 days or less based on a physician's certification, if the facility notifies the screening team upon admission and provides an update to the screening team on the 30th day after admission;* (5) *individuals who have a contractual right to have their nursing home care paid for indefinitely by the veteran's administration;* or ((4)) (6) persons entering a facility conducted by and for the adherents of a recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing. The cost for screening (PERSONS) *applicants who are receiving medical assistance (OR WHO WOULD BE ELIGIBLE FOR MEDICAL ASSISTANCE WITHIN 180 DAYS OF NURSING HOME OR BOARDING CARE HOME ADMISSION,)* must be paid by (STATE, FEDERAL, AND COUNTY MONEY. OTHER PERSONS SHALL BE ASSESSED BY A SCREENING TEAM UPON PAYMENT OF A FEE APPROVED BY THE COMMISSIONER.) *the medical assistance program. The total screening cost for each county for applicants who are not eligible for medical assistance must be paid monthly by nursing homes and boarding care homes participating in the medical assistance program in the county. The monthly amount to be paid by each nursing home and boarding care home must be determined by dividing the county's estimate of the total annual cost of screenings allowed by the commissioner in the county for the following rate year by 12 to determine the monthly cost estimate and allocating the monthly cost estimate to each nursing home and boarding care home based on the number of licensed beds in the nursing home or boarding care home. The monthly cost estimate for each nursing home must be submitted to the nursing home and the state by the county no later than February 15 of each year for*

inclusion in the nursing home's payment rate on the following rate year. The commissioner shall include the reported annual estimated cost of screenings for each nursing home or boarding care home as an operating cost of that nursing home in accordance with section 256B.431, subdivision 2b, clause (g). For all individuals regardless of payment source, if delay-of-screening timelines are not met because a county is late in screening an individual who meets the delay-of-screening criteria, the county is solely responsible for paying the nursing home rate for the resident days that exceed the delay-of-screening timelines until the screening is completed. Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

Sec. 9. Minnesota Statutes 1985 Supplement, section 256B.091, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] Appeals from the screening team's recommendation shall be made pursuant to the procedures set forth in section 256.045, subdivisions 2 and 3. (AN APPEAL SHALL BE AUTOMATIC IF THE INDIVIDUAL'S PHYSICIAN DOES NOT AGREE WITH THE RECOMMENDATION OF THE SCREENING TEAM.)

Sec. 10. Minnesota Statutes 1985 Supplement, section 256B.-091, subdivision 8, is amended to read:

Subd. 8. [ALTERNATIVE CARE GRANTS.] The commissioner shall provide grants to counties participating in the program to pay costs of providing alternative care to individuals screened under subdivision 4 *and nursing home residents who request a screening. Prior to July of each year, the commissioner shall allocate state funds available for alternative care grants to each local agency. This allocation must be made as follows: half of the state funds available for alternative care grants must be allocated to each county according to the total number of adults in that county who are recipients age 65 or older who are reported to the department by March 1 of each state fiscal year and half of the state funds available for alternative care grants must be allocated to a county according to that county's number of medicare enrollments age 65 or older for the most recent statistical report. Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home admission or continued stay if alternative care were not available; (2) who are receiving medical assistance or who would be eligible for medical assistance within 180 days of admission to a nursing home; (3) who need services that are not available at that time in the county through other public assistance; and (4) who are age 65 or older.*

The commissioner shall establish by rule, in accordance with chapter 14, procedures for determining grant reallocations, limits

on the rates for payment of approved services, including screenings, and submittal and approval of a biennial county plan for the administration of the preadmission screening and alternative care grants program. Grants may be used for payment of costs of providing care-related supplies, equipment, and services such as, but not limited to, foster care for elderly persons, day care whether or not offered through a nursing home, nutritional counseling, or medical social services, which services are provided by a licensed health care provider, a home health service eligible for reimbursement under Titles XVIII and XIX of the federal Social Security Act, or by persons employed by or contracted with by the county board or the local welfare agency. The county agency shall ensure that a plan of care is established for each individual in accordance with subdivision 3, clause (e)(2), and that a client's service needs and eligibility is reassessed at least every six months. The plan shall include any services prescribed by the individual's attending physician as necessary and follow up services as necessary. The county agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program and shall provide documentation in each individual's plan of care and to the commissioner that the most cost effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The county agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care grants program and that the agency allowed potential providers an opportunity to be selected to contract with the county board. Grants to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

The commissioner shall establish a sliding fee schedule for requiring payment for the cost of providing services under this subdivision to persons who are eligible for the services but who are not yet eligible for medical assistance. The sliding fee schedule is not subject to chapter 14 but the commissioner shall publish the schedule and any later changes in the State Register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the sliding fee schedule in final forms.

The commissioner shall apply for a waiver for federal financial participation to expand the availability of services under this subdivision. The commissioner shall provide grants to counties from the nonfederal share, unless the commissioner obtains a federal waiver for medical assistance payments, of medical assistance appropriations. A county agency may use grant money to supplement but not supplant services available through other public assistance or service programs and shall not use grant money to establish new programs for which public money is available through sources other than grants provided under this subdivision. A county agency shall not use grant money to provide

care under this subdivision to an individual if the anticipated cost of providing this care would exceed the average payment, as determined by the commissioner, for the level of nursing home care that the recipient would receive if placed in a nursing home. The nonfederal share may be used to pay up to 90 percent of the start-up and service delivery costs of providing care under this subdivision. Each county agency that receives a grant shall pay ten percent of the costs.

The commissioner shall promulgate emergency rules in accordance with sections 14.29 to 14.36, to establish required documentation and reporting of care delivered.

Sec. 11. Minnesota Statutes 1985 Supplement, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing home and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a of this section, the commissioner may authorize continued medical assistance payments to a nursing home which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing home before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. *Nursing homes seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant.* In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing home under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing home.

Sec. 12. Minnesota Statutes 1985 Supplement, section 256B.48, is amended by adding a subdivision to read:

Subd. 7. [REFUND OF EXCESS CHARGES.] *Any nursing home which has charged a resident a rate for a case-mix classification upon admission which is in excess of the rate for the case-mix classification established by the commissioner of health and effective on the date of admission, must refund the amount of charge in excess of the rate for the case-mix classification established by the commissioner of health and effective on the date of admission. Refunds must be credited to the next monthly billing or refunded within 15 days of receipt of the classification*

notice from the department of health. Failure to refund the excess charge shall be considered to be a violation of this section.

Sec. 13. Minnesota Statutes 1985 Supplement, section 256B.-501, subdivision 3, is amended to read:

Subd. 3. [RATES FOR INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.] The commissioner shall establish, by rule, procedures for determining rates for care of residents of intermediate care facilities for persons with mental retardation or related conditions. The procedures shall be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of residents in efficiently and economically operated facilities. In developing the procedures, the commissioner shall include:

(a) cost containment measures that assure efficient and prudent management of capital assets and operating cost increases which do not exceed increases in other sections of the economy;

(b) limits on the amounts of reimbursement for property, general and administration, and new facilities;

(c) requirements to ensure that the accounting practices of the facilities conform to generally accepted accounting principles; (AND)

(d) incentives to reward accumulation of equity; and

(e) *appeals procedures that satisfy the requirements of section 256B.50 for appeals of decisions arising from the application of standards or methods pursuant to Minnesota Rules, parts 9510.0500 to 9510.0890, 9553.0010 to 9553.0080, and 12 MCAR 2.05301 to 2.05315 (temporary).*

In establishing rules and procedures for setting rates for care of residents in intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall consider the recommendations contained in the February 11, 1983, Report of the Legislative Auditor on Community Residential Programs for the Mentally Retarded and the recommendations contained in the 1982 Report of the Department of Public Welfare Rule 52 Task Force. Rates paid to supervised living facilities for rate years beginning during the fiscal biennium ending June 30, 1985, shall not exceed the final rate allowed the facility for the previous rate year by more than five percent.

Sec. 14. [GEOGRAPHIC GROUPINGS STUDY.]

By February 1, 1987, the director of the state planning agency, in consultation with the commissioner of human services, shall

report to the legislature on the appropriateness of current geographic groupings for reimbursement of nursing home operating costs. The report shall contain recommendations for legislative action which address the following: nursing home input prices and regional variation in costs; and alternative methods for recognizing regional variations in the cost of doing business including approaches used by other states with comparable nursing home reimbursement systems.

Sec. 15. [TASK FORCE ON LONG-TERM CARE HEALTH PLANNING.]

Subdivision 1. [CREATION.] There is created a task force on long-term care health planning. The nine-member task force appointed by the governor shall include: two members from the legislative commission on long-term care; two representatives from the Minnesota nursing home trade associations; two members from long-term care consumer groups, and one representative each of the commissioners of health and human services. The director of the state planning agency or a designee shall chair and convene the task force.

Subd. 2. [DUTIES.] The task force on long-term care health planning shall conduct a study and report to the legislative commission on long-term care and to the legislature by January 15, 1987. In the study and report, the task force shall:

(1) propose a statewide plan for orderly and rational development of additional long-term care facilities;

(2) examine the need to amend the moratorium law to permit replacement or reconfiguration of beds provided no new beds are added to the system unless necessary;

(3) examine current classification of the intermediate care facilities class two (ICF II) as to the possibility of reclassification or upgrading; and

(4) address the need to modernize and renovate long-term care facilities built in 1950 to 1960 to improve energy efficiency and the quality of life in those older facilities.

Subd. 3. [TASK FORCE EXPIRATION DATE.] The task force on long-term care health planning expires January 15, 1987.

Sec. 16. [REFUND REQUIRED.]

Any current or previous nursing home provider obligated pursuant to a written agreement or otherwise to refund to a private paying resident, the resident's legal representative, or the resident's successor in interest, excess charges made in violation of section 256B.48, subdivision 1, clause (a), since July 1, 1976,

shall refund the excess charges plus interest to the private paying resident, the resident's legal representative, or the resident's successor in interest before July 1, 1986. Unless otherwise specified in a written agreement with the commissioner of human services, the amount of excess charges to be refunded shall be equal to the difference between the prospective desk audit rate, before appeal resolutions, established by the commissioner and the actual amount charged to each private paying resident. The interest refunded shall be equal to the greater of the actual interest earned by the provider or six percent per annum. However, where a current or previous nursing home provider has notified a resident, the resident's legal representative, or the resident's successor in interest, that the resident is due a refund and the refund is unclaimed, or if the resident, the resident's legal representative, or the resident's successor in interest cannot be located, the provider is exempt from any cause of action for civil damages. A private paying resident, the resident's legal representative, or the resident's successor in interest, has a cause of action for civil damages against the current or previous nursing home provider for the provider's failure to refund the excess charges and interest owing in violation of this section. The damages shall be three times the excess charges and interest payment that results from the violation, together with costs and disbursements, including reasonable attorney's fees or their equivalent. For prospective desk audit rates established prior to July 1, 1983, which are under appeal as of March 1, 1986, the provider must refund: (1) at the prospective desk audit rate, or; (2) at the amount not in dispute with notice that an additional refund based on the rate after appeal may be forthcoming upon resolution of an appeal. Any nursing home withholding all or part of a refund based on its pending rate appeal shall, by July 1, 1986, submit to the commissioner for each appeal a specification of each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the nursing home believes is correct, the authority in statute or rule upon which the nursing home relies for each disputed item, the name and address of the person or firm with whom contacts may be made regarding the appeal, and other information required by the commissioner, unless the above information has already been submitted to the commissioner. Any amounts still owing the resident, the resident's legal representative, or the resident's successor in interest, after the appeal is settled must be refunded within 30 days of the resolution of the appeal. Interest shall continue on the amount not immediately refunded, and shall be equal to the greater of the actual interest earned by the provider or six percent per annum.

Sec. 17. [TRANSFER.]

\$880,000 is transferred from the preadmission screening and alternative care grants account to the medical assistance account.

Sec. 18. [EFFECTIVE DATE.]

Sections 3, 4 and 6 to 13 and 16 are effective the day following enactment. Section 1 is effective May 1, 1986 and Sections 2, 5, 14, 15 and 17 are effective July 1, 1986."

Delete the title and insert:

"A bill for an act relating to health and human services; requiring the commissioner of health to monitor transitional care; authorizing use of swing beds by patients transferred from hospitals; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; changing the computation of inpatient hospital rates; modifying the preadmission screening program; changing financial statement certification requirements for nursing homes that are phasing out of the medical assistance program; providing for refunds of excess charges; establishing requirements for medical assistance rate appeals procedures for intermediate care facilities; requiring a study of geographic groupings of nursing homes; establishing a task force on long-term care health planning; requiring a refund for private pay residents; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; 174.29, subdivision 1; and 251.011, subdivision 4; and Minnesota Statutes 1985 Supplement, sections 144.562, subdivision 3; 256.969, subdivision 2; 256B.091, subdivisions 2, 4, 5, and 8; 256B.48, subdivision 1b, and by adding a subdivision; and 256B.501, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 144."

The motion prevailed and the amendment was adopted.

S. F. No. 2147, A bill for an act relating to health; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; and 174.29, subdivision 1.

The bill was read for the 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 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Becklin	Brandl	Carlson, L.	Dimler
Anderson, R.	Begich	Brinkman	Clark	Dyke
Backlund	Bennett	Brown	Clausnitzer	Elioff
Battaglia	Bishop	Burger	Cohen	Ellingson
Beard	Boo	Carlson, D.	DenOuden	Erickson

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

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

S. F. No. 2127, A bill for an act relating to the city of Cologne; exempting certain general obligation bonds and tax levies from debt and levy limitations.

The bill was read for the 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 121 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, R.	DenOuden	Kalis	Murphy	Quinn
Backlund	Dimler	Kelly	Nelson, D.	Quist
Battaglia	Dyke	Kiffmeyer	Nelson, K.	Redalen
Beard	Elioff	Knickerbocker	Neuenschwander	Rees
Becklin	Ellingson	Knuth	Norton	Rest
Begich	Erickson	Kostohryz	O'Connor	Rice
Bennett	Fjoslien	Krueger	Ogren	Richter
Bishop	Frederick	Levi	Olsen, S.	Riveness
Blatz	Frerichs	Lieder	Olson, E.	Rodosovich
Boo	Greenfield	Long	Omann	Rose
Brandl	Gruenes	Marsh	Onnen	Sarna
Brinkman	Gutknecht	McDonald	Otis	Schafer
Brown	Hartinger	McEachern	Ozment	Scheid
Burger	Hartle	McKasy	Pappas	Schreiber
Carlson, D.	Haukoos	McLaughlin	Pauly	Seaberg
Carlson, L.	Himle	McPherson	Peterson	Segal
Clark	Jacobs	Metzen	Piepho	Shaver
Clausnitzer	Jaros	Miller	Piper	Sherman
Cohen	Jennings, L.	Minne	Poppenhagen	Simoneau
Dempsey	Johnson	Munger	Price	Solberg

Sparby	Thorson	Tunheim	Vanasek	Welle
Stanius	Tjornhom	Uphus	Vellenga	Wynia
Staten	Tomlinson	Valan	Voss	Zaffke
Swiggum	Tompkins	Valento	Waltman	Spk. Jennings, D.
Thiede				

Those who voted in the negative were:

Osthoft

The bill was passed and its title agreed to.

There being no objection the House recessed subject to the call of the Chair.

RECESS

RECONVENED

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

There being no objection the order of business reverted to Messages from the Senate.

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. 1971, A resolution memorializing the President and Congress of the United States to enact the Mississippi River National Heritage Corridor Act of 1986.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2405, A bill for an act relating to elections in the city of Minneapolis; changing the time of election of certain board members; extending certain terms.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Sarna moved that the House concur in the Senate amendments to H. F. No. 2405 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2405, A bill for an act relating to the city of Minneapolis; changing the time of election of certain board members; extending certain terms.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 85 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Gutknecht	McPherson	Peterson	Simoneau
Backlund	Halberg	Metzen	Piepho	Solberg
Battaglia	Hartinger	Minne	Poppenhagen	Sparby
Beard	Haukoos	Murphy	Price	Stanius
Becklin	Heap	Nelson, D.	Quinn	Staten
Begich	Himle	Nelson, K.	Redalen	Sviggum
Bennett	Jacobs	Neuenschwander	Rees	Thorson
Blatz	Jaros	Norton	Rest	Tjornhom
Brinkman	Kahn	O'Connor	Rice	Tompkins
Burger	Kalis	Ogren	Riveness	Tunheim
Carlson, L.	Knickerbocker	Olsen, S.	Rodosovich	Valan
Clark	Knuth	Olson, E.	Sarna	Valento
Clausnitzer	Kostohryz	Omann	Schafer	Vanasek
Cohen	Krueger	Onnen	Scheid	Voss
Dempsey	Levi	Osthoff	Schreiber	Waltman
Frederick	Lieder	Otis	Seaberg	Welle
Greenfield	McEachern	Pappas	Shaver	Spk. Jennings, D.

Those who voted in the negative were:

Bishop	Fjoslien	Marsh	Quist	Tomlinson
Brandl	Frerichs	Miller	Segal	Uphus
DenOuden	Gruenes	Pauly	Skoglund	Vellenga
Dyke	Hartle	Piper	Thiede	Zaffke
Erickson	Jennings, L.			

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McPherson moved that the House concur in the Senate amendments to H. F. No. 2170 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2170, A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 97.48, by adding a subdivision; and S. F. No. 1526, article 1, section 53, if enacted.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2044, A bill for an act relating to courts; altering the responsibility for establishing the salary of the state court administrator and district court administrator; amending Minnesota Statutes 1984, sections 15A.083, subdivision 4; 480.13; and 484.68, subdivision 6.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Knickerbocker moved that the House concur in the Senate amendments to H. F. No. 2044 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2044, A bill for an act relating to compensation of certain public employees; altering the responsibility for establishing the salary of the state court administrator and district court administrator; authorizing the board of medical examiners to set the salary of its executive secretary within certain limits; amending Minnesota Statutes 1984, sections 15A.083, subdivision 4; and 214.04, subdivision 3; repealing Minnesota Statutes 1984, section 484.68, subdivision 6.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 106 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Boo	Dimler	Hartinger	Knuth
Anderson, R.	Brandl	Dyke	Hartle	Kostohryz
Backlund	Brinkman	Elioff	Haukoos	Kvam
Battaglia	Brown	Ellingson	Heap	Levi
Becklin	Burger	Frederick	Himle	Lieder
Begich	Carlson, L.	Frerichs	Jacobs	Long
Bennett	Clark	Greenfield	Jaros	Marsh
Bishop	Clausnitzer	Gruenes	Kahn	McEachern
Blatz	Cohen	Gutknecht	Kelly	McPherson
Boerboom	Dempsey	Halberg	Knickerbocker	Metzen

Miller	Otis	Rice	Simoneau	Valento
Minne	Ozment	Riveness	Skoglund	Vellenga
Munger	Pappas	Rose	Solberg	Voss
Murphy	Pauly	Sarna	Sparby	Waltman
Nelson, D.	Peterson	Schafer	Stanius	Welle
Nelson, K.	Piepho	Scheid	Sviggum	Wynia
Neuenschwander	Piper	Schoenfeld	Tjornhom	Zaffke
Norton	Poppenhagen	Schreiber	Tomlinson	Spk. Jennings, D.
Ogren	Price	Seaberg	Tompkins	
Olsen, S.	Quinn	Segal	Tunheim	
Olson, E.	Rees	Shaver	Uphus	
Onnen	Rest	Sherman	Valan	

Those who voted in the negative were:

Beard	Jennings, L.	Krueger	Quist	Staten
DenOuden	Johnson	O'Connor	Redalen	Thiede
Erickson	Kalis	Omann	Rodosovich	Vanasek
Fjoslien	Kiffmeyer	Osthoff		

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2364, A bill for an act relating to transportation; railroads; permitting transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; providing for imposition of misdemeanor penalty for certain violations relating to movement of hazardous materials; amending Minnesota Statutes 1984, sections 221.041, subdivision 1; and 221.291, subdivision 3; Minnesota Statutes 1985 Supplement, sections 219.741; and 219.85.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Johnson moved that the House concur in the Senate amendments to H. F. No. 2364 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2364, A bill for an act relating to transportation; railroads; clarifying procedures in certain contested matters brought before the transportation regulation board; permitting the transportation regulation board to grant clearance variances without evidentiary hearings in certain cases; permitting transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; providing a maximum

fine for motor carrier violations involving transportation of hazardous materials; amending Minnesota Statutes 1984, sections 174A.02, subdivision 4; 216A.05, subdivision 5; 221.041, subdivision 1; 221.291, subdivision 3; Minnesota Statutes 1985 Supplement, sections 219.47, subdivision 1; 219.741; and 219.85.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage 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 4 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Levi	Pauly	Solberg
Backlund	Fjoslien	Lieder	Peterson	Sparby
Battaglia	Frederick	Long	Piepho	Stanisus
Beard	Frerichs	McDonald	Piper	Staten
Becklin	Greenfield	McEachern	Poppenhagen	Sviggum
Begich	Gutknecht	McKasy	Price	Thiede
Bennett	Halberg	McLaughlin	Quinn	Tjornhom
Bishop	Hartinger	McPherson	Quist	Tomlinson
Blatz	Hartle	Metzen	Redalen	Tompkins
Boerboom	Haukoos	Miller	Rees	Tunheim
Boo	Heap	Minne	Rest	Uphus
Brinkman	Himle	Murphy	Rice	Valan
Brown	Jacobs	Nelson, D.	Richter	Valento
Burger	Jaros	Nelson, K.	Riveness	Vanasek
Carlson, D.	Jennings, L.	Neuenschwander	Rodosovich	Vellenga
Carlson, L.	Johnson	Norton	Rose	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	Otis	Shaver	
Elioff	Krueger	Ozment	Simoneau	
Ellingson	Kvam	Pappas	Skoglund	

Those who voted in the negative were:

Brandl	Gruenes	Marsh	Osthoff
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The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1970, A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Ozment moved that the House concur in the Senate amendments to H. F. No. 1970 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1970, A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 1.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Tunheim
Uphus
Valan

Valento
Vanasek
Vellenga

Voss
Waltman
Welle

Wenzel
Wynia

Zaffke
Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

REPORTS FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Levi, for the Committee on Rules and Legislative Administration offered the following report and moved its adoption:

Be It Resolved, that during the period of time between adjournment sine die in 1986 and the convening of the House of Representatives in 1987, the House Chamber, House Retiring Room, House Hearing and Conference Rooms, House Offices, and the Chief Clerk's Offices shall be reserved for use by the House of Representatives as the Speaker of the House may authorize. The House Chamber and House Retiring Room may be made available for the annual meeting of the YMCA Youth in Government program and Girls' State, provided these organizations confirm dates with the Speaker of the House at least 30 days in advance.

The question was taken on the report and the roll was called.

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

There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Tomlinson	Uphus	Vellenga	Welle	Zaffke
Tompkins	Valento	Voss	Wenzel	Spk. Jennings, D.
Tunheim	Vanasek	Waltman	Wynia	

The motion prevailed and the report was adopted.

Levi, for the Committee on Rules and Legislative Administration offered the following report and moved its adoption:

Be It Resolved, that the House of Representatives retain parts of parking lots B, C, D, and E during the period of time between adjournment sine die in 1986 and convening of the House of Representatives in 1987 which are necessary for use of members and employees of the House of Representatives.

The question was taken on the report and the roll was called.

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

There were 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the report was adopted.

Levi, for the Committee on Rules and Legislative Administration offered the following report and moved its adoption:

Be It Resolved, that the Chief Clerk of the House of Representatives be authorized and is hereby directed to correct and

approve the Journal of the House for the last day of the 74th Regular Session.

Be It Further Resolved, that the Chief Clerk of the House of Representatives be and is hereby authorized to include in the Journal of the House for the last day of the 74th Regular Session any subsequent proceedings and any appointments to legislative interim committees or commissions.

The question was taken on the report and the roll was called.

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

There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the report was adopted.

Levi, for the Committee on Rules and Legislative Administration offered the following report and moved its adoption:

Be It Resolved, that the Committee on Rules and Legislative Administration be and is hereby assigned all functions within its usual jurisdiction during the interim following adjournment sine die in 1986.

Be It Further Resolved, that the Committee on Rules and Legislative Administration or a duly appointed subcommittee there-

of, shall contract for necessary printing of the House of Representatives for the 75th Regular Session and any special sessions held prior to the 76th Regular Session.

The question was taken on the report and the roll was called.

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

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the report was adopted.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Levi, from the Committee on Rules and Legislative Administration, pursuant to Rule 1.9, designated the following bills as Special Orders to be acted upon immediately preceding the remainder of Special Orders for today, March 17, 1986:

S. F. Nos. 1993, 1730, 1949, 1721, 2087, 1850, 1065, 2161, 1880, 1839, 1641 and 985; H. F. No. 1751; S. F. Nos. 2090, 2067, and 164; H. F. No. 1894; S. F. Nos. 1912, 2101, 1940 and 1193.

The Speaker called Halberg to the Chair.

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 following Special Orders pending for Monday, March 17, 1986:

S. F. No. 2098.

SPECIAL ORDERS

S. F. No. 1993 was reported to the House.

Bishop moved to amend S. F. No. 1993, as follows:

Page 29, after line 19, insert:

"Sec. 38. Minnesota Statutes 1985 Supplement, section 340A.-404, subdivision 5, is amended to read:

Subd. 5. [WINE LICENSES.] A municipality may issue an on-sale wine license with the approval of the commissioner to a restaurant having facilities for seating at least 25 guests at one time. A wine license permits the sale of wine of up to 14 percent alcohol by volume for consumption with the sale of food. *A wine license authorizes the sale of wine on all days of the week unless the issuing authority restricts the license's authorization to the sale of wine on all days except Sundays.*

Sec. 39. Minnesota Statutes 1985 Supplement, section 340A.-409, subdivision 1, is amended to read:

Subdivision 1. [INSURANCE REQUIRED.] No retail license may be issued, maintained or renewed unless the applicant demonstrates proof of financial responsibility with regard to liability imposed by section 340A.801. The issuing authority must submit to the commissioner the applicant's proof of financial responsibility. This subdivision does not prohibit a local unit of government from requiring higher insurance or bond coverages, or a larger deposit of cash or securities. The minimum requirement for proof of financial responsibility may be given by filing:

(1) a certificate that there is in effect for the license period an insurance policy or pool providing at least \$50,000 of coverage because of bodily injury to any one person in any one occurrence, \$100,000 because of bodily injury to two or more persons in any one occurrence, \$10,000 because of injury to or destruction of property of others in any one occurrence, \$50,000 for loss of means of support of any one person in any one occurrence, and \$100,000 for loss of means of support of two or more persons in any one occurrence (. AN ANNUAL AGGREGATE POLICY

LIMIT FOR DRAMSHOP LIABILITY OF NOT LESS THAN \$300,000 PER POLICY YEAR MAY BE INCLUDED IN THE POLICY PROVISIONS);

(2) a bond of a surety company with minimum coverages as provided in clause (1); or

(3) a certificate of the state treasurer that the licensee has deposited with the state treasurer \$100,000 in cash or securities which may legally be purchased by savings banks or for trust funds having a market value of \$100,000 (;

((4)) This subdivision does not prohibit an insurer from providing the coverage required by this subdivision in combination with other insurance coverage.

An annual aggregate policy limit for dram shop insurance of not less than \$300,000 per policy year may be included in the policy provisions.

A liability insurance policy required by this section must provide that it may not be canceled for any cause by either the insured or the insurer unless the canceling party has first given ten days' notice in writing to the issuing authority of intent to cancel the policy.

Sec. 40. Minnesota Statutes 1985 Supplement, section 340A.-410, is amended by adding a subdivision to read:

Subd. 8. [COPY OF SUMMONS.] Every application for the issuance or renewal of intoxicating or nonintoxicating liquor licenses must include a copy of each summons received by the applicant under section 340A.802 during the preceding year.

Sec. 41. Minnesota Statutes 1985 Supplement, section 340A.-412, subdivision 1, is amended to read:

Subdivision 1. [BOND REQUIRED.] A local unit of government shall not grant a retail license to sell intoxicating liquor until the applicant has filed a bond with corporate surety, or cash, or United States government bonds in the amount of not less than \$3,000 nor more than \$5,000 for on-sale licenses, and not less than \$1,000 nor more than \$3,000 for off-sale licenses. A common carrier who applies for a license to sell intoxicating liquor under section 340A.407, must file with the commissioner a bond with corporate surety, or cash, or government bonds in the sum of \$1,000. A bond filed under this subdivision must be conditional on the licensee obeying all laws governing the business and paying all taxes, fees, penalties, and other charges, and must provide that the bond is forfeited to the unit of government issuing the license on a violation of law. The commissioner must approve all bonds filed by applicants for an off-sale license.

(EVERY APPLICATION FOR THE ISSUANCE OR RENEWAL OF A LICENSE FOR THE SALE OF INTOXICATING OR NONINTOXICATING LIQUOR MUST INCLUDE A COPY OF EACH SUMMONS RECEIVED BY THE APPLICANT UNDER SECTION 340A.802 DURING THE PRECEDING YEAR.)

Sec. 42. Minnesota Statutes 1985 Supplement, section 340A.-412, subdivision 9, is amended to read:

Subd. 9. [LICENSE TRANSFER.] A license may be transferred with the consent of the issuing authority, provided that a license (IS) issued to a location at a racetrack licensed under chapter 240 may not be transferred. Where a license is held by a corporation, a change in ownership of ten percent or more of the stock of the corporation must be reported in writing to the authority who issued the license within ten days of the transfer.

Sec. 43. Minnesota Statutes 1985 Supplement, section 340A.-415, is amended to read:

340A.415 [LICENSE REVOCATION OR SUSPENSION.]

The authority issuing or approving any retail license or permit under this chapter shall either suspend for up to 60 days or revoke the license or permit or impose a civil fine not to exceed \$2,000 for each violation on a finding that the license or permit holder has failed to comply with an applicable statute, regulation, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under (CHAPTER 14) sections 14.57 to 14.70 of the administrative procedure act.

Sec. 44. [340A.510] [WINE SAMPLES.]

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

Sec. 45. Minnesota Statutes 1985 Supplement, section 340A.-802, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF INJURY.] A person who claims damages and a person or insurer who claims contribution or indemnity from a licensed retailer of alcoholic beverages or municipal liquor store for or because of an injury within the

scope of section 340A.801 must give a written notice to the licensee or municipality stating:

(1) the time and date when and person to whom the (LIQUOR WAS) *alcoholic beverages were sold or bartered*;

(2) the name and address of the person or persons who were injured or whose property was damaged; and

(3) the approximate time and date, and the place where the injury to person or property occurred.

A licensee or municipality who claims contribution or indemnification from another licensee or municipality must give a written notice to the other licensee or municipality in the form and manner specified in this section.

An error or omission in the notice does not void the notice's effect if the notice is otherwise valid unless the error or omission is of a substantially material nature."

Number the sections in sequence

Correct the cross-references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1993, 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; 609.3471; 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 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 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Beard was excused between the hours of 5:00 p.m. and 6:00 p.m.

S. F. No. 1730, A bill for an act relating to theft; modifying circumstances justifying detention of suspects in business establishments; modifying immunity from liability for detention; amending Minnesota Statutes 1985 Supplement, section 629.366, subdivisions 1 and 3.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1949 was reported to the House.

There being no objection S. F. No. 1949 was temporarily laid over on Special Orders.

S. F. No. 1721 was reported to the House.

There being no objection S. F. No. 1721 was temporarily laid over on Special Orders.

S. F. No. 2087 was reported to the House.

Voss offered an amendment to S. F. No. 2087.

POINT OF ORDER

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

S. F. No. 2087, A bill for an act relating to county courts; specifying the prosecuting attorney for certain offenses; amending Minnesota Statutes 1984, section 487.25, subdivision 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

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

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 120 yeas and 7 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brandl	Jaros	Long	Staten	Wynia
Greenfield	Kahn			

The bill was passed and its title agreed to.

S. F. No. 1065 was reported to the House.

There being no objection S. F. No. 1065 was temporarily laid over on Special Orders.

S. F. No. 2161 was reported to the House.

Rose moved to amend S. F. No. 2161, as follows:

Page 1, after line 9, insert:

"Section 1. [145.94] [EXPOSURE TO HAZARDOUS SUBSTANCE.]

Subdivision 1. [SITE INSPECTION.] To determine hazardous substance exposure to the community, the commissioner of health may enter the premises of any employer as defined in section 182.651, subdivision 7, including the University of Minnesota, to investigate the actual, suspected, or potential release of a hazardous substance if there is evidence or risk of exposure to the community. Before entering the commissioner shall present to the employer a statement of the reason, nature, and scope of the investigation at a particular location. As part of the investigation, and upon request to the employer, the commissioner must be allowed access to information required under the employee right-to-know act to determine if there are existing or potential health hazards to the community from the release of any hazardous substance originating in the workplace of the employer.

Subd. 2. [DISCLOSURE OF INFORMATION.] The commissioner may disclose to individuals or to the community, information including data made nonpublic by law, relating to the hazardous properties and health hazards of hazardous substances released from a workplace if the commissioner finds:

(1) evidence that a person requesting the information may have suffered or is likely to suffer illness or injury from exposure to a hazardous substance; or

(2) evidence of a community health risk and if the commissioner seeks to have the employer cease an activity which results in release of a hazardous substance.

Nonpublic data obtained under subdivision 1 is subject to handling, use, and storage according to established standards to prevent unauthorized use or disclosure. If the nonpublic data is required for the diagnosis, treatment, or prevention of illness or injury, a personal physician may be provided with this information if the physician agrees to preserve the confidentiality of the information, except for patient health records subject to section 144.355. After the disclosure of any hazardous substance information relating to a particular workplace, the commissioner shall advise the employer of the information disclosed, the date of the disclosure, and the person who received the information."

Page 6, after line 1, insert:

"Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1987."

Renumber the sections accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Haukoos moved to amend S. F. No. 2161, as amended, as follows:

Page 6, after line 1, insert:

"Sec. 4. [FIREFIGHTER TRAINING PROGRAMS.]

Notwithstanding other law, the appropriations of \$250,000 in fiscal year 1987 in Laws 1985, First Special Session, Chapter 11, section 4, subdivision 3, for firefighter training programs at area vocational technical institutes must be spent to provide a tuition subsidy of up to 50 cents per student clock hour of instructions to each approved program.

Notwithstanding Minnesota Statutes, section 136C.04, subdivision 12, any AVTI may offer the programs at any location. If the total amount requested by AVTI's for approved programs exceeds the amount appropriated, the state board shall prorate the deficiency among all approved programs.

The tuition schedule for the programs need not be uniform."

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

McLaughlin offered an amendment to S. F. No. 2161, as amended.

POINT OF ORDER

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

S. F. No. 2161, A bill for an act relating to employment; providing training opportunities for technically qualified indi-

viduals who may be exposed to hazardous substances, harmful physical agents, or infectious agents; amending Minnesota Statutes 1985 Supplement, section 182.653, subdivisions 4b, 4c, and 4f.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 1880 was reported to the House.

Metzen offered an amendment to S. F. No. 1880.

POINT OF ORDER

Quist raised a point of order pursuant to rule 5.10 that the amendment was out of order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

S. F. No. 1880, A bill for an act relating to veterans; establishing a veterans' cemetery; proposing coding for new law in Minnesota Statutes, chapter 197.

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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1839, A bill for an act relating to elections; recodifying and clarifying the laws on election contests; amending Minnesota Statutes 1934, sections 209.01; 209.02; 209.03; 209.05; 209.06; 209.07; 209.09; 209.10; and 209.12; proposing coding for new law in Minnesota Statutes, chapter 209; repealing Minnesota Statutes 1934, sections 209.02, subdivisions 2, 3, 4, 4a, 5, 6, 7, and 8; 209.04; and 209.11.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1641 was reported to the House.

There being no objection S. F. No. 1641 was temporarily laid over on Special Orders.

S. F. No. 985 was reported to the House.

Knickerbocker moved to amend S. F. No. 985, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 14.02, subdivision 4, is amended to read:

Subd. 4. [RULE.] "Rule" means *the whole or a part of every agency statement of general applicability and future effect, including amendments, suspensions, and repeals of*

rules, adopted to implement or make specific the law enforced or administered by it or to govern its organization or procedure. *Every agency statement that meets this definition is a rule, regardless of whether the agency labels the statement with another term, such as a policy, informational, interpretive, or instructional bulletin or statement.* (IT) Rule does not include (a) rules concerning only the internal management of the agency or other agencies, and which do not directly affect the rights of or procedure available to the public; (b) rules of the commissioner of corrections relating to the internal management of institutions under the commissioner's control and those rules governing the inmates thereof prescribed pursuant to section 609.105; (c) rules of the division of game and fish published in accordance with section 97.53; (d) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs; (e) opinions of the attorney general; (f) the systems architecture plan and long-range plan of the state education management information system provided by section 121.931; (g) the data element dictionary and the annual data acquisition calendar of the department of education to the extent provided by section 121.932; (h) the comprehensive statewide plan of the crime control planning board provided in section 299A.03; or (i) occupational safety and health standards provided in section 182.655.

Sec. 2. [14.045] [RULEMAKING PLANNING PROCESS.]

Subdivision 1. [PURPOSE.] In order to create a coordinated process for developing on an annual basis Minnesota's rulemaking program, establish the state's rulemaking priorities, increase the accountability of agency heads for the rulemaking actions of their agencies, provide for executive and legislative oversight of the rulemaking process, reduce the burdens of existing and future rules, minimize duplication and conflict of rules, and enhance public, executive, and legislative understanding of the state's rulemaking objectives, there is established a rulemaking planning process by which agencies will develop and publish a rulemaking program for each year.

Subd. 2. [AGENCY SUBMISSION OF RULEMAKING PROGRAM.] (a) The head of each agency shall submit to the legislative commission to review administrative rulemaking a rulemaking program consisting of information summarizing all actions of the agency relating to rulemaking, planned or underway. These actions include actions taken to consider whether to initiate rulemaking, requests for public comment, the development of documents that may influence, anticipate, or could lead to the commencement of rulemaking at a later date, actions taken to seek new rulemaking authority from the legislature, or any agency action designated by the commission as related to rulemaking. An action relating to rulemaking does not include a contested case proceeding or other agency enforcement proceeding. The rulemaking program must include a concise statement summarizing the need for the proposed rules and

the costs and benefits expected to result from the rules that may be proposed. The rulemaking program shall be submitted to the legislative commission each year on January 1, unless otherwise determined by the commission, and shall cover the period January 1 to December 31 of that year. After the end of each regular legislative session, each agency head shall review the agency's rulemaking program in light of action taken by the legislature and, if necessary, shall submit a revised rulemaking program to the commission by July 1.

(b) The agency's submission must explain how the proposed rulemaking program is consistent with the agency's authorizing legislation. The rulemaking program must specifically discuss the actions of the agency to amend or repeal existing rules.

(c) Each agency head shall summarize the rulemaking actions described in paragraph (a) in the format that the legislative commission specifies, and provide additional information that the commission requests.

The legislative commission may exempt from the requirements of this section any class or category of actions that the commission determines is not necessary to review in order to achieve the effective implementation of the program.

Subd. 3. [REVIEW OF THE RULEMAKING PROGRAM.]

(a) In reviewing each agency's rulemaking program, the legislative commission shall (i) consider the consistency of the rulemaking program with the legislature's policies and priorities and the rulemaking programs submitted by other agencies; and (ii) identify further actions that may, in the commission's view, be necessary to achieve this consistency. The commission may make recommendations to any agency concerning its rulemaking program. The commission may publish parts or all of any rulemaking program along with the commission's recommendations.

(b) If the agency head proposes to take an action relating to rulemaking not previously submitted for review under this section, or if the agency head proposes to take an action relating to rulemaking that is materially different from the action described in the agency's rulemaking program, the agency head shall immediately submit the action to the commission for review. Except in the case of emergency situations, as defined by the commission or statutory or judicial deadlines, the agency head shall not take the proposed rulemaking action until 20 days after this submission to the legislative commission. The commission may make recommendations concerning these proposed rulemaking actions.

Subd. 4. [JUDICIAL REVIEW.] This section is intended only to improve the internal management of state government, and is not intended to create any right or benefit, substantive or

procedural, enforceable at law by a party against the state, its agencies, its officers, or any person.

Sec. 3. [14.116] [REVIEW OF PROPOSED RULES.]

Subdivision 1. [PROPOSED RULEMAKING NOTICE.] *Before an agency orders the publication of a notice of intent to adopt rules, the agency shall send the legislative commission to review administrative rulemaking a notice of intent to proceed with rulemaking, including adoption, suspension, amendment, or repeal of any rule. The notice shall include the text of the proposed rule. Except in the case of emergency rules or other cases specified by the commission, the agency must wait 30 days for any comment or objections to the proposed rule from the commission before publishing notice of intent to adopt rules. In the case of emergency rules, the agency must wait five working days.*

Subd. 2. [COMMISSION REVIEW.] (a) *The commission shall prescribe procedures for reviewing proposed agency rules and may hold public meetings on proposed rules.*

(b) *Commission meetings must be open to the public. Subject to commission procedures, persons may present oral or written data or views at those meetings. The commission may require a representative of an agency whose proposed rule is under examination to attend a commission meeting to answer relevant questions. The commission may also communicate to the agency its comments on any proposed rule and require the agency to respond to them in writing. Unless impracticable, advance notice must be given of the time and place of each commission meeting and the specific subject matter to be considered.*

(c) *The commission may request the attorney general to issue an opinion on whether or not an agency has statutory authority to adopt a proposed rule. The attorney general shall assure that persons responsible for assisting in the preparation of the opinion are not responsible for advising or assisting the agency in the adoption of the proposed rules. The attorney general shall respond to the commission within ten days of receipt of the commission's request for an opinion.*

(d)(1) *If the commission objects to all or some portion of a proposed rule the commission shall file that objection with the agency proposing the rule and with the revisor of statutes. The filed objection must contain a concise statement of the commission's reasons for its action. The commission shall maintain a permanent register of all objections by the commission.*

(2) *Within 14 days after the commission files an objection to a rule, the issuing agency shall respond in writing to the commis-*

sion. After receipt of the response, the commission may withdraw or modify its objection.

(3) If the agency decides to proceed with adopting the portion of the rule that the commission objects to, the agency must publish notice of the commission's objection as soon as possible in the state register. If the commission does not withdraw its objection and if the agency adopts the rule, existence of the objection shall be indicated adjacent to any rule published in Minnesota Rules.

(4) After the commission files an objection that is not subsequently withdrawn, the burden is upon the agency, in any proceeding for judicial review or for enforcement of the rule, to establish that the whole or portion of the rule objected to is procedurally and substantively valid.

(5) The failure of the commission to object to a rule is not an implied legislative authorization of its procedural or substantive validity.

Sec. 4. [14.117] [RULEMAKING ANALYSIS.]

(a) An agency shall issue a rulemaking analysis of a proposed rule if, within 20 days after the notice of proposed rule adoption under section 14.14, subdivision 1a, or 14.22 is published, a written request for the analysis is filed with the agency by the commission to review administrative rulemaking or the governor.

(b) Except to the extent that the written request expressly waives one or more of the following, the rulemaking analysis must contain:

(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule, and classes that will benefit from the proposed rule;

(2) a description of the probable quantitative and qualitative impact of the proposed rule, economic and otherwise, upon affected classes of persons;

(3) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;

(4) a comparison of the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction;

(5) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;

(6) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule; and

(7) a description of how the proposed rule is different from any federal laws regulating the same activity, and why it is necessary and reasonable to have different state rules.

(c) Each rulemaking analysis must include quantification of the data to the extent practicable and must take account of both short-term and long-term consequences.

(d) A concise summary of the rulemaking analysis must be published in the state register and an agency may not proceed with a proposed rulemaking until at least 20 days after publication in the state register.

(e) The published summary of the rulemaking analysis must indicate where persons may obtain copies of the full text of the analysis and where, when, and how persons may present their views on the proposed rule and make a written request for a public hearing.

(f) If the agency has made a good faith effort to comply with the requirements of clauses (a) to (c), the rule may not be invalidated on the grounds that the contents of the rulemaking analysis are insufficient or inaccurate.

Sec. 5. [14.121] [SUSPENSION OF PROCEDURES.]

When compliance with the rulemaking provisions of the administrative procedure act would result in a denial of funds or services from the United States government that would otherwise be available to the state, upon written request of an agency, the attorney general, by order, may suspend one or more of the rulemaking provisions of the administrative procedure act. The written request must contain a full explanation of the grounds for the request, and a copy of the request must be sent to persons who have requested to be notified of agency rulemaking actions under section 14.14, subdivision 1a, at the time the request is provided to the attorney general. An order must suspend the minimum number of portions of the administrative procedure act for the minimum time necessary to avoid a denial of federal funds or services. The attorney general must issue an order terminating the suspension as soon as the suspension is no longer necessary to prevent the loss of funds or services from the United States government. The issuance of an order under this

section is not subject to chapter 14, except as specifically provided in this section.

Before issuing an order suspending provisions of the administrative procedure act, the attorney general must notify the legislative commission to review administrative rulemaking. The notification must include a list of the rulemaking provision that the attorney general intends to suspend and any comments received from members of the public. If any of the rulemaking provisions of the administrative procedure act are suspended under this section, the attorney general shall promptly publish the order of suspension in the state register and report the suspension to the legislative commission to review administrative rules. Notwithstanding any suspension of portions of the rulemaking provisions of the administrative procedure act under this section, an agency must submit proposed rules to the legislative commission to review administrative rulemaking at least five working days before it begins the process of adopting the rules and the commission may object to the rules under section 3.

Any suspension issued under this section shall apply only to the agency requesting the suspension and only to the rules required to be adopted, amended, suspended, or repealed. An agency that receives a suspension order or an order terminating a suspension from the attorney general must immediately publish notice of the suspended or reinstated portions of the administrative procedure act in the state register and give immediate notice to all persons whose names are registered with the agency to receive rulemaking notices.

Sec. 6. Minnesota Statutes 1984, section 14.29, subdivision 1, is amended to read:

Subdivision 1. (WHEN) *An agency shall adopt emergency rules in accordance with sections 14.29 to 14.36 if: (1) an agency is directed by statute, federal law or court order to adopt, amend, suspend or repeal a rule in a manner that does not allow for compliance with sections 14.14 to 14.28 (,); or (IF) (2) an agency is expressly required or authorized by statute to adopt emergency rules (, THE AGENCY SHALL ADOPT EMERGENCY RULES IN ACCORDANCE WITH SECTIONS 14.29 TO 14.36).*

Sec. 7. Minnesota Statutes 1984, section 14.29, subdivision 2, is amended to read:

Subd. 2. (UNLESS AN AGENCY IS DIRECTED BY FEDERAL LAW OR COURT ORDER TO ADOPT, AMEND, SUSPEND, OR REPEAL A RULE IN A MANNER THAT DOES NOT ALLOW FOR COMPLIANCE WITH SECTIONS 14.14 TO 14.28, NO) *If an agency is expressly required or authorized by statute to adopt emergency rules under subdivision 1, clause (2),*

the agency may not adopt an emergency rule later than 180 days after the effective date of the statutory authority, except as provided in subdivision 3. If emergency rules are not adopted within the time allowed, the authority for the rules expires. The time limit of this section does not include any days used for review by the attorney general. If the 180-day period expires while the attorney general is reviewing the rule and the attorney general disapproves the rule, the agency may resubmit the rule to the attorney general after taking corrective action. The resubmission must occur within five working days after the agency receives written notice of disapproval. If the rule is again disapproved by the attorney general, it is withdrawn.

Sec. 8. Minnesota Statutes 1984, section 14.39, is amended to read:

14.39 [LEGISLATIVE COMMISSION TO REVIEW ADMINISTRATIVE (RULES) RULEMAKING; COMPOSITION; MEETINGS.]

A legislative commission (FOR REVIEW OF ADMINISTRATIVE RULES, CONSISTING OF FIVE SENATORS APPOINTED BY THE COMMITTEE ON COMMITTEES OF THE SENATE AND FIVE REPRESENTATIVES APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES) to review administrative rulemaking shall be appointed. *The commission consists of the chair of the house rules and legislative administration committee or the chair's designee, the chair of the house governmental operations committee or the chair's designee, a member of the house minority caucus appointed by the house minority leader, the chair of the senate rules and legislative administration committee or the chair's designee, the chair of the senate governmental operations committee or the chair's designee, a member of the minority caucus appointed by the senate minority leader, two members of the house appointed by the speaker, and two members of the senate appointed by the committee on committees.* The commission shall meet at the call of its chairman or upon a call signed by two of its members or signed by five members of the legislature. The legislative commission chairmanship shall alternate between the two houses of the legislature every two years.

Sec. 9. Minnesota Statutes 1985 Supplement, section 14.40, is amended to read:

14.40 [REVIEW OF RULES BY COMMISSION.]

Subdivision 1. [PURPOSES.] The commission shall promote adequate and proper rules by agencies and an understanding upon the part of the public respecting them.

Subd. 2. [REVIEW OF ADOPTED RULES.] The jurisdiction of the commission includes all rules as defined in section

14.02, subdivision 4. The commission also has jurisdiction of rules which are filed with the secretary of state in accordance with section 14.38, subdivisions 5, 6, 7, 8, 9, and 11 or were filed with the secretary of state in accordance with the provisions of section 14.38, subdivisions 5 to 9, which were in effect on the date the rules were filed. It may hold public hearings to investigate complaints with respect to rules if it considers the complaints meritorious and worthy of attention. If the rules that are the subject of the public hearing were adopted without a rulemaking hearing, it may request the office of administrative hearings to hold the public hearing and prepare a report summarizing the testimony received at the hearing. The office of administrative hearings shall assess the costs of the public hearing to the agency whose rules are the subject of the hearing.

Subd. 3. [SUSPENSION OF ADOPTED RULES.] The commission may, on the basis of the testimony received at the public hearings, suspend any rule complained of by the affirmative vote of at least six members provided the provisions of section 14.42 have been met. If any rule is suspended, the commission shall as soon as possible place before the legislature, at the next year's session, a bill to repeal the suspended rule. If the bill is not enacted in that year's session, the rule is effective upon adjournment of the session unless the agency has repealed it. If the bill is enacted, the rule is repealed.

Subd. 4. [REVIEW OF PROPOSED RULEMAKING ACTION.] The commission shall review agency rulemaking programs under section 2. The commission shall review proposed rules as specified in section 3.

Subd. 5. [OTHER ACTION.] The commission has jurisdiction to hear complaints alleging that an agency was required to, but did not, comply with rulemaking procedures before taking an action. The commission may hold public hearings to investigate these complaints. The commission may object to an agency action on the ground that the agency was required to, but did not, comply with rulemaking procedures before taking an action.

The commission must file any objection with the agency taking the action. An agency must submit notice of the objection to the state register within 20 days of receiving the objection from the commission. The agency must respond in writing to the commission concerning the objection. The commission may withdraw or modify its objection. If an objection is withdrawn or modified, the commission shall file notice of this with the agency. The agency must submit notice of the withdrawal or modification to the state register within 20 days of receiving notice.

When the commission files an objection that is not withdrawn, the burden is on the agency in any proceeding for judicial review of the action to establish that the action can lawfully be taken without complying with rulemaking procedures. A court shall

award reasonable attorney fees to a prevailing party for that portion of a lawsuit in which the court determines that an agency was required to, but did not, comply with rulemaking procedures before taking an action.

Subd. 6. [RECOMMENDED LEGISLATION.] The commission may recommend enactment of a statute to improve the operation of an agency. The commission may also recommend that a rule be repealed in whole or in part by statute. The commission shall request the speaker of the house and the majority leader of the senate to refer these recommendations to the appropriate standing committees for their consideration.

Subd. 7. [REPORT.] The commission shall make a biennial report to the legislature and governor of its activities and include its recommendations to promote adequate and proper rules and public understanding of the rules.

Subd. 8. [STAFF ASSISTANCE.] At the request of the commission, other legislative staff shall assist the commission in carrying out its duties.

Sec. 10. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment. Sections 2 to 5, 8 and 9 are effective January 1, 1987, and apply to rulemaking proceedings commenced after that date. Rulemaking planning programs required by section 2 must be submitted January 1, 1987."

Delete the title and insert:

"A bill for an act relating to administrative procedures; providing increased legislative oversight of administrative rulemaking; defining a rule; providing for exceptions to the rulemaking provisions of the administrative procedure act; clarifying provisions relating to emergency rules; amending Minnesota Statutes 1984, sections 14.29, subdivisions 1 and 2; 14.39; Minnesota Statutes 1985 Supplement, sections 14.02, subdivision 4; 14.40; proposing coding for new law in Minnesota Statutes, chapter 14."

The motion prevailed and the amendment was adopted.

S. F. No. 985, A bill for an act relating to administrative procedure; clarifying provisions relating to emergency rules; defining order and rule; limiting certain agency actions; requiring an order to be rendered in accordance with the contested case procedures of the administrative procedure act; amending Minnesota Statutes 1984, sections 14.02, by adding a subdivision; 14.29, subdivisions 1 and 2; and 14.57; Minnesota Statutes 1985 Supplement, section 14.02, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 14.

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.

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

There were 125 yeas and 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brandl Pappas Welle

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

The Speaker resumed the Chair.

S. F. No. 2090, A bill for an act relating to counties; clarifying county commissioner conflict of interest provisions; authorizing counties to develop and market computer software products; providing a method for consolidation of the offices of county auditor and county treasurer; changing certain referendum provisions for adoption of optional forms of county government; exempting other departments or agencies of the same county from having to be billed by county recorder for certain recording transactions; amending Minnesota Statutes 1984, sec-

tions 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; and 383C.17; Minnesota Statutes 1985 Supplement, section 386.77; proposing coding for new law in Minnesota Statutes, chapter 375; repealing Minnesota Statutes 1984, sections 394.01 to 394.05.

The bill was read for the 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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 2067, A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mendota Heights; providing taxing and other financial authority for the city.

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

The bill was passed and its title agreed to.

S. F. No. 164 was reported to the House.

Knickerbocker moved to amend S. F. No. 164, as follows:

Page 7, after line 23, insert:

"Sec. 5. [STATE EMPLOYEE COMPENSATION.]

Subdivision 1. The labor agreement between the state of Minnesota and the American federation of state, county, and municipal employees, council 6, approved by the legislative commission on employee relations on July 23, 1985, is ratified.

Subd. 2. The labor agreement between the state of Minnesota and the Minnesota association of professional employees, approved by the legislative commission on employee relations on September 4, 1985, is ratified.

Subd. 3. The labor agreement between the state of Minnesota and the middle management association, approved by the legisla-

tive commission on employee relations on September 4, 1985, is ratified.

Subd. 4. The labor agreement between the state of Minnesota and the Minnesota government engineers' council, approved by the legislative commission on employee relations on September 4, 1985, is ratified.

Subd. 5. The commissioner of employee relations' plan for unrepresented employees, approved by the legislative commission on employee relations on September 4, 1985, is ratified.

Subd. 6. The commissioner of employee relations' plan for managerial employees, approved by the legislative commission on employee relations on September 4, 1985, is ratified.

Subd. 7. The salary plan for positions listed in Minnesota Statutes, section 15A.081 approved by the legislative commission on employee relations on September 4, 1985, is ratified, except that the salary of the commissioner of human services is \$62,494; the salary of the chief administrative law judge, office of administrative hearings, is \$57,060; the salary of the chairman, metropolitan council, is \$52,000; the salary of the commissioner of veterans affairs is \$48,100; and the salary of a commissioner, public utilities commission, is \$44,850.

Subd. 8. The labor agreement between the state of Minnesota and the Minnesota nurses association, approved by the legislative commission on employee relations on October 29, 1985, is ratified.

Subd. 9. The labor agreement between the state of Minnesota and the interfaculty organization, Minnesota education association, approved by the legislative commission on employee relations on December 18, 1985, is ratified.

Subd. 10. The labor agreement between the state of Minnesota and the Minnesota state university association of administrative service faculty, international brotherhood of teamsters, local 320, approved by the legislative commission on employee relations on December 18, 1985, is ratified.

Subd. 11. The labor agreement between the state of Minnesota and the state residential schools education association, approved by the legislative commission on employee relations on January 30, 1986, is ratified.

Subd. 12. The negotiated and arbitrated labor agreement between the state of Minnesota and the bureau of criminal apprehension agents' association, Minnesota conservation officers' association, and the Minnesota state patrol officers' association

approved by the legislative commission on employee relations on February 24, 1986, is ratified.

Subd. 13. After adjournment of the 1986 session but before the 1987 session of the legislature, the legislative commission on employee relations may give interim approval to any negotiated agreement, arbitration award, or compensation or salary plan submitted to it under other law. The commission shall submit the agreement, award, or plan to the entire legislature for ratification in the same manner and with the same effect as provided for agreements, awards, and plans submitted after adjournment of the legislature in an odd-numbered year.

Subd. 14. The negotiated and arbitrated labor agreement between the state of Minnesota and the Minnesota community college faculty association, Minnesota Education Association, submitted to the legislative commission on employee relations, is ratified."

Renumber the section accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Kahn moved to amend S. F. No. 164, as amended, as follows:

Page 7, after line 13, delete Section 4

Renumber the sections

A roll call was requested and properly seconded.

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

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

There were 61 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartinger	Murphy	Price	Stanis
Anderson, R.	Jacobs	Nelson, D.	Quinn	Staten
Battaglia	Jaros	Nelson, K.	Rest	Tomlinson
Becklin	Kahn	Neuenschwander	Rice	Tunheim
Brandl	Kelly	Norton	Riveness	Vanasek
Brinkman	Knuth	O'Connor	Rodosovich	Vellenga
Brown	Kostohryz	Ogren	Sarna	Voss
Carlson, L.	Lieder	Olson, E.	Scheid	Welle
Clark	Long	Omann	Schoenfeld	Wynia
Cohen	McEachern	Otis	Segal	
Elioff	McLaughlin	Pappas	Simoneau	
Ellingson	Metzen	Peterson	Skoglund	
Greenfield	Minne	Piper	Solberg	

Those who voted in the negative were:

Begich	Fjoslien	Kalis	Ozment	Sparby
Bennett	Frederick	Kiffmeyer	Pauly	Sviggum
Bishop	Frederickson	Knickerbocker	Piepho	Thiede
Blatz	Frerichs	Krueger	Poppenhagen	Thorson
Boerboom	Gruenes	Kvam	Quist	Tjornhom
Boo	Gutknecht	Levi	Redalen	Tompkins
Burger	Halberg	Marsh	Rees	Uphus
Clausnitzer	Hartle	McKasy	Richter	Valan
Dempsey	Haukoos	McPherson	Schafer	Valento
DenOuden	Heap	Munger	Schreiber	Waltman
Dimler	Himle	Olsen, S.	Seaberg	Wenzel
Dyke	Jennings, L.	Onnen	Shaver	Zaffke
Erickson	Johnson	Osthoff	Sherman	Spk. Jennings, D.

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

S. F. No. 164, A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

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 114 yeas and 10 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Elioff	McEachern	O'Connor	Piper	Sarna
Kostohryz	Neuenschwander	Pappas	Rice	Staten

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

H. F. No. 1894 was reported to the House.

Becklin and Wynia moved to amend H. F. No. 1894, the fourth engrossment, as follows:

Page 3, delete section 6

Renumber the sections in sequence

Correct internal references

The motion prevailed and the amendment was adopted.

Ozment moved to amend H. F. No. 1894, the fourth engrossment, as amended, as follows:

Page 4, after line 35, insert:

"Sec. 7. [HAZARDOUS WASTE PERMIT REQUIRED.]

The University of Minnesota properties in Rosemount, Minnesota, must obtain a final hazardous waste facility permit and a Dakota County hazardous waste facility storage and transfer license by July 1, 1987, or cease using the University of Minnesota properties in Rosemount, Minnesota, as a hazardous waste storage facility."

Renumber the remaining section

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "requiring a hazardous waste permit;"

The motion prevailed and the amendment was adopted.

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

The bill was read for the 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 1912 was reported to the House.

Frederick moved to amend S. F. No. 1912, as follows:

Page 4, after line 20, insert:

"Sec. 8. [LICENSE AUTHORIZED.]

Notwithstanding any law to the contrary, Sibley county may, with the approval of the commissioner, issue an on-sale wine license to a restaurant which

(1) *is located in the unincorporated area of the county, and*

(2) *meets the definition of "restaurant" in Minnesota Statutes, section 340A.101, subdivision 25, except that meals are served only to members and their guests.*

The fee for the license may be set by the county board in an amount not exceeding one-half the fee set by the county for an on-sale intoxicating liquor license or \$2,000, whichever is less. All provisions of Minnesota Statutes, chapter 340A, are applicable to the license except those which by their nature are inapplicable."

Renumber the remaining sections

Page 5, line 2, after the period insert: *"Section 8 is effective on approval by the Sibley county board and compliance with Minnesota Statutes, section 645.021."*

The motion prevailed and the amendment was adopted.

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 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.

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

There were 108 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Johnson	Murphy	Quinn
Anderson, R.	Dyke	Kahn	Nelson, K.	Redalen
Backlund	Elioff	Kalis	Neuenschwander	Rees
Battaglia	Ellingson	Kelly	Norton	Rest
Becklin	Fjoslien	Kiffmeyer	O'Connor	Richter
Begich	Frederick	Knickerbocker	Ogren	Riveness
Bennett	Frederickson	Knuth	Olsen, S.	Rodosovich
Blatz	Frerichs	Kostohryz	Olson, E.	Rose
Boerboom	Greenfield	Kvam	Omann	Sarna
Boo	Gruenes	Lieder	Otis	Scheid
Brinkman	Gutknecht	Long	Ozment	Schoenfeld
Burger	Halberg	Marsh	Pappas	Schreiber
Carlson, D.	Hartle	McEachern	Pauly	Seaberg
Carlson, L.	Haukoos	McKasy	Peterson	Segal
Clark	Himle	McLaughlin	Piepho	Shaver
Clausnitzer	Jacobs	McPherson	Piper	Sherman
Cohen	Jaros	Metzen	Poppenhagen	Simoneau
Dempsey	Jennings, L.	Minne	Price	Solberg

Sparby	Thorson	Tunheim	Vanasek	Welle
Stanius	Tjornhom	Uphus	Voss	Wenzel
Sviggum	Tomlinson	Valan	Waltman	Spk. Jennings, D.
Thiede	Tompkins	Valento		

Those who voted in the negative were:

Brandl	Hartinger	Onnen	Skoglund	Wynia
Brown	Krueger	Quist	Staten	Zaffke
Erickson	Nelson, D.	Schafer	Vellenga	

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

S. F. No. 2101, A bill for an act relating to state lands; authorizing an exchange of certain state lands with the city of Thomson in Carlton county and sale of certain state land in Lake of the Woods county.

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 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1940 was reported to the House.

Solberg moved to amend S. F. No. 1940, as follows :

Page 2, delete lines 31 and 32

The motion prevailed and the amendment was adopted.

Voss moved to amend S. F. No. 1940, as amended, as follows :

Page 1, after line 6, insert :

“Section 1. Minnesota Statutes 1984, section 268.53, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] A community action agency is a political subdivision of the state, a combination of political subdivisions, a public agency, or a private nonprofit agency which has the authority under its applicable charter or laws to receive funds under section 268.52 to support community action programs as described in section 268.54 and which was designated as (A COMMUNITY ACTION AGENCY ACCORDING TO FEDERAL LAW OR REGULATIONS, OR RECOGNIZED AS A COMMUNITY ACTION AGENCY BY THE GOVERNOR) *an eligible entity under the Community Services Block Grant Act, Public Law Number 97-35, section 673(1), 95 Stat. 357, 512 (1981), as amended by, Act of October 30, 1984, Public Law Number 98-558, section 202, 98 Stat. 2878, 2884 (1984).*

Sec. 2. Minnesota Statutes 1984, section 268.53, subdivision 5, is amended to read:

Subd. 5. [FUNCTIONS; POWERS.] A community action agency shall:

(a) Plan systematically for an effective community action program; develop information as to the problems and causes of poverty in the community; determine how much and how effectively assistance is being provided to deal with those problems and causes; and establish priorities among projects, activities and areas as needed for the best and most efficient use of resources;

(b) Encourage agencies engaged in activities related to the community action program to plan for, secure, and administer assistance available under section 268.52 or from other sources on a common or cooperative basis; provide planning or technical assistance to those agencies; and generally, in cooperation with community agencies and officials, undertake actions to improve existing efforts to reduce poverty, such as improving day-to-day communications, closing service gaps, focusing resources on the

most needy, and providing additional opportunities to low-income individuals for regular employment or participation in the programs or activities for which those community agencies and officials are responsible;

(c) Initiate and sponsor projects responsive to needs of the poor which are not otherwise being met, with particular emphasis on providing central or common services that can be drawn upon by a variety of related programs, developing new approaches or new types of services that can be incorporated into other programs, and filling gaps pending the expansion or modification of those programs;

(d) Establish effective procedures by which the poor and area residents concerned will be enabled to influence the character of programs affecting their interests, provide for their regular participation in the implementation of those programs, and provide technical and other support needed to enable the poor and neighborhood groups to secure on their own behalf available assistance from public and private sources;

(e) Join with and encourage business, labor and other private groups and organizations to undertake, together with public officials and agencies, activities in support of the community action program which will result in the additional use of private resources and capabilities, with a view to developing new employment opportunities, stimulating investment that will have a measurable impact on reducing poverty among residents of areas of concentrated poverty, and providing methods by which residents of those areas can work with private groups, firms, and institutions in seeking solutions to problems of common concern.

Community action agencies, the Minnesota migrant council, and the Indian reservations, may enter into cooperative purchasing agreements and self-insurance programs with local units of government."

Renumber the sections accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1940, A bill for an act relating to local government; regulating payment of severance pay; amending Minnesota Statutes 1984, section 465.72.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 1193, A bill for an act relating to taxation; aggregate removal production; eliminating time requirement for notifying operator of unpaid tax; imposing a penalty; amending Minnesota Statutes 1984, section 298.75, subdivisions 4 and 6.

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 126 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Blatz	Brandl
Anderson, R.	Beard	Bennett	Boerboom	Brinkman
Backlund	Becklin	Bishop	Boo	Brown

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

Those who voted in the negative were:

McPherson Tompkins

The bill was passed and its title agreed to.

Dempsey, Gutknecht, Knickerbocker, Simoneau and Svigum were excused while in conference.

S. F. No. 1949 which was temporarily laid over earlier today was again reported to the House.

McPherson moved to amend S. F. No. 1949, the unofficial engrossment, as follows:

Page 2, after line 35, insert:

"Sec. 6. [LOWER ST. CROIX MARINA PERMIT RESTRICTIONS AND PUBLIC ACCESS.]

Except as otherwise expressly provided by law, every permit issued by the commissioner of natural resources under Minnesota Statutes, chapter 105, for marina developments at or near property described as section 14, T29N, R20W, county of Washington, state of Minnesota, shall provide for public access and shall not be restricted by designations of specific numbers of permitted slips for sailboats, transient motorboats, or other boats, except:

(a) ten percent of the permitted slips shall be restricted for use only by transient boaters with a maximum length of stay of seven days or less.

(b) owners of sailboats and owners of condominiums adjoining the marina development shall have priority over owners of motorboats for occupancy of a nontransient slip for the year following notice of the desire for slippage. Notice shall be provided in writing to the management of the marina development."

Page 3, after line 7, insert the following:

"Section 6 is effective the day following final enactment and applies to all permits described herein which are currently issued and valid."

Renumber the sections accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

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

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

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

There were 65 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Backlund	Frederick	Kvam	Piepho	Svigum
Beard	Frederickson	Levi	Price	Thiede
Bennett	Frerichs	Marsh	Redalen	Thorson
Bishop	Halberg	McKasy	Rees	Tjornhom
Blatz	Hartinger	McPherson	Richter	Tompkins
Boerboom	Hartle	Metzen	Rodosovich	Uphus
Burger	Haukoos	Miller	Schafer	Valan
Clausnitzer	Heap	Neuenschwander	Scheid	Valento
Dempsey	Himle	Olsen, S.	Schreiber	Vanasek
Dimler	Johnson	Omann	Shaver	Waltman
Dyke	Kiffmeyer	Onnen	Sherman	Wenzel
Erickson	Knickerbocker	Osthoff	Sparby	Zaffke
Fjoslien	Krueger	Pauly	Stanis	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Brinkman	Ellingson	Kalis	McEachern
Anderson, R.	Brown	Greenfield	Kelly	McLaughlin
Battaglia	Carlson, L.	Jacobs	Knuth	Minne
Becklin	Clark	Jaros	Kostohryz	Munger
Begich	Cohen	Jennings, L.	Lieder	Murphy
Brandl	Elioff	Kahn	Long	Nelson, D.

Nelson, K.	Pappas	Rice	Skoglund	Vellenga
Norton	Peterson	Riveness	Solberg	Voss
O'Connor	Piper	Sarna	Staten	Wynia
Olson, E.	Quinn	Schoenfeld	Tomlinson	
Otis	Rest	Segal	Tunheim	

The motion prevailed and the amendment was adopted.

S. F. No. 1949, A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

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 86 yeas and 37 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Erickson	Marsh	Poppenhagen	Thiede
Backlund	Frederick	McDonald	Price	Thorson
Battaglia	Frederickson	McKasy	Quinn	Tjornhom
Beard	Frerichs	McPherson	Quist	Tompkins
Begich	Gruenes	Metzen	Redalen	Tunheim
Bennett	Hartinger	Miller	Rees	Uphus
Bishop	Hartle	Minne	Richter	Valan
Blatz	Heap	Murphy	Rodosovich	Valento
Boerboom	Himle	Neuenschwander	Scheid	Vanasek
Boo	Jacobs	Ogren	Schreiber	Vellenga
Brinkman	Johnson	Olsen, S.	Seaberg	Waltman
Burger	Kiffmeyer	Olson, E.	Segal	Wenzel
Carlson, D.	Knickerbocker	Omann	Shaver	Zaffke
Carlson, L.	Kostohryz	Onnen	Sherman	Spk. Jennings, D.
DenOuden	Krueger	Osthoff	Solberg	
Dimler	Kvam	Ozment	Sparby	
Dyke	Levi	Pauly	Stanisus	
Elioff	Lieder	Peterson	Svigum	

Those who voted in the negative were:

Anderson, G.	Fjoslien	Long	Otis	Skoglund
Becklin	Greenfield	McEachern	Pappas	Staten
Brandl	Jaros	McLaughlin	Piper	Tomlinson
Brown	Jennings, L.	Munger	Rest	Voss
Clark	Kahn	Nelson, D.	Rice	Wynia
Clausnitzer	Kalis	Nelson, K.	Riveness	
Cohen	Kelly	Norton	Sarna	
Ellingson	Knuth	O'Connor	Schoenfeld	

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

S. F. No. 1721 which was temporarily laid over earlier today was again reported to the House.

Clausnitzer moved to amend S. F. No. 1721, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [124.647] [WAIVER; PILOT SCHOOL BREAKFAST PROGRAMS.]

The commissioner of education shall request a waiver from the United States government as necessary to allow pilot school breakfast programs to be implemented in school districts where no program currently exists. The pilot school breakfast program shall provide students with breakfasts designed to be taken with the student and consumed away from the school site.

Sec. 2. [124.6471] [SCHOOL BREAKFAST INCENTIVE.]

The commissioner of education may provide a cash incentive to schools to increase participation in school breakfast programs or to initiate a school breakfast program if none currently exists.

Sec. 3. [144.092] [COORDINATED NUTRITION DATA COLLECTION.]

The commissioner of health shall develop and coordinate a reporting system to improve the state's ability to document inadequate nutrient and food intake of Minnesota's children and adults and to identify problems and determine the most appropriate strategies for improving inadequate nutritional status. The board on aging shall develop a method to evaluate the nutritional status and requirements of the elderly in Minnesota. The commissioner of health and the board on aging shall report to the legislature on each July 1, beginning in 1988, on the results of their investigation and their recommendations on the nutritional needs of Minnesotans.

Sec. 4. Minnesota Statutes 1984, section 145.892, subdivision 2, is amended to read:

Subd. 2. "Local health agency" means the (COUNTY PUBLIC HEALTH NURSING SERVICE) *community health services agency* or any public or private nonprofit organization which enters into a contract with the commissioner of health pursuant to sections 145.891 to 145.897.

Sec. 5. Minnesota Statutes 1984, section 145.894, is amended to read:

145.894 [STATE COMMISSIONER OF HEALTH; DUTIES, RESPONSIBILITIES.]

The commissioner of health shall:

(a) Develop a comprehensive state plan for the delivery of nutritional supplements to pregnant and lactating women, infants, and children;

(b) Contract with existing local public or private non-profit organizations for the administration of the nutritional supplement program;

(c) Develop and implement a public education program promoting the provisions of sections 145.891 to 145.897, and provide for the delivery of individual and family nutrition education and counseling at project sites;

(d) Develop in cooperation with other agencies and vendors a uniform state voucher system for the delivery of nutritional supplements;

(e) Develop, analyze and evaluate the health aspects of the nutritional supplement program and establish nutritional guidelines for the program;

(f) Apply for (AND), administer (ANY), and annually expend at least 99 percent of available federal or private funds;

(g) (COORDINATE WITH THE STATE AND LOCAL PUBLIC WELFARE AGENCIES IN IDENTIFYING) *Aggressively market services to eligible individuals by conducting ongoing outreach activities and by coordinating with and providing marketing materials and technical assistance to local human services and community service agencies and nonprofit service providers;*

(h) *Determine, on July 1 of each year, the number of pregnant women participating in each special supplemental food program for women, infants, and children (W.I.C.) and, in 1986, 1987, and 1988, at the commissioner's discretion, designate a different food program deliverer if the current deliverer fails to increase the participation of pregnant women in the program by at least ten percent over the previous year's participation rate;*

((H)) (i) Promulgate all rules and regulations necessary to carry out the provisions of sections 145.891 to 145.897; and

((I)) (j) Report to the legislature by November 15 of every year on the expenditures and activities under sections 145.891 to 145.897 of the state and local health agencies for the preceding fiscal year.

Sec. 6. [245.771] [SUPERVISION OF FOOD STAMP PROGRAM.]

Subdivision 1. [SUPERVISION OF PROGRAM.] The commissioner of human services shall supervise the food stamp program to aid administration of the food stamp program by county welfare boards pursuant to section 393.07, subdivision 10, to promote excellence of administration and program operation, and to ensure compliance with all federal laws and regulations so that all eligible persons are able to participate.

Subd. 2. [WAIVERS.] The commissioner of human services shall apply to the United States Department of Agriculture for waivers of monthly reporting and retrospective budgeting requirements.

Sec. 7. Minnesota Statutes 1984, section 256.975, is amended by adding a subdivision to read:

Subd. 4. [HOME-DELIVERED MEALS.] The board on aging shall take appropriate action to secure reimbursement from public and private medical care programs, health plans, and health insurers for home-delivered meals that are a necessary part of medical treatment for the elderly.

Sec. 8. Minnesota Statutes 1984, section 393.07, subdivision 10, is amended to read:

Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate. The commissioner shall report on the monitoring activities on a county-by-county basis in a report presented to the legislature by July 1 each year. This monitoring activity shall be separate from the management evaluation survey sample required under federal regulations.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate

among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) The county welfare board shall participate in a food stamp quality control system subject to the supervision of the commissioner of human services and pursuant to federal regulations.

Any person who commits any of the following acts is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2), and (5):

((A)) (1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a wilfully false statement or representation, or intentional concealment of a material fact, food stamps to which he is not entitled or in an amount greater than that to which he is entitled; or

((B)) (2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

((C)) (3) Willfully uses or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law.

The amount of food stamps incorrectly issued shall be the difference between the amount of food stamps actually received and the amount to which the recipient would have been entitled under state and federal law had the welfare agency been informed of all material facts. The amount of any food stamps determined to have been incorrectly issued, used, transferred or presented shall, unless otherwise determined by the county welfare board in order to prevent undue hardship, be recoverable from the recipient, or user, or his estate by the county as a debt due the county.

Sec. 9. Minnesota Statutes 1984, section 393.07, is amended by adding a subdivision to read:

Subd. 10a. [EXPEDITED ISSUANCE OF FOOD STAMPS.] The commissioner of human services shall continually monitor the expedited issuance of food stamp benefits to ensure that each county complies with federal regulations and that households eligible for expedited issuance of food stamps are identified, processed, and certified within the time frames prescribed in federal regulations. By July 1 each year the commissioner of human services shall present a report to the governor and the legislature regarding its monitoring of expedited issuance and

the degree of compliance with federal regulations on a county-by-county basis.

County food stamp offices shall screen and issue food stamps to applicants on the day of application. Applicants who meet the federal criteria for expedited issuance and have an immediate need for food assistance shall receive either:

- (1) a manual Authorization to Participate (ATP) card; or*
- (2) the immediate issuance of food stamp coupons.*

The local food stamp agency shall conspicuously post in each food stamp office a notice of the availability of and the procedure for applying for expedited issuance and verbally advise each applicant of the availability of the expedited process.

Sec. 10. [518.171] [MEDICAL SUPPORT.]

Subdivision 1. [ORDER.] Unless the obligee has group dependent health insurance coverage available at a more reasonable cost, the court shall order the obligor to name the minor child as beneficiary on any health and dental insurance plan that is available to the obligor on a group basis or through an employer or union.

If the court finds that dependent health or dental insurance is not available to the obligor on a group basis or through an employer or union, or that the group insurer is not accessible to the obligee, the court may require the obligor to obtain dependent health or dental insurance, or to be liable for reasonable and necessary medical or dental expenses of the child.

Subd. 2. [SPOUSAL COVERAGE.] The court shall require the obligor to provide dependent health and dental insurance for the benefit of the obligee if it is available at no additional cost to the obligor and in this case the provisions of this section apply.

Subd. 3. [IMPLEMENTATION.] A copy of the court order for insurance coverage shall be forwarded to the obligor's employer or union by the obligee or the public authority responsible for support enforcement only when ordered by the court or when the following conditions are met:

- (1) the obligor fails to provide written proof to the obligee or the public authority, within 30 days of receiving effective notice of the court order, that the insurance has been obtained or that application for insurability has been made;*
- (2) the obligee or the public authority serves written notice of its intent to enforce medical support on the obligor by mail at his or her last known post office address; and*

(3) *the obligor fails within 15 days after the mailing of the notice to provide written proof to the obligee or the public authority that the insurance coverage existed as of the date of mailing.*

Subd. 4. [EFFECT OF ORDER.] *The order is binding on the employer or union when service under subdivision 3 has been made. Upon receipt of the order, or upon application of the obligor pursuant to the order, the employer or union shall enroll the minor child as a beneficiary in the group insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in the insurance plan in which the obligor is enrolled or the least costly plan otherwise available to the obligor that is comparable to a number two qualified plan. The insurance coverage for a child eligible under subdivision 5 shall not be terminated except as authorized in subdivision 5.*

Subd. 5. [ELIGIBLE CHILD.] *A minor child that an obligor is required to cover as a beneficiary pursuant to this section is eligible for insurance coverage as a dependent of the obligor until the child is emancipated or until further order of the court.*

Subd. 6. [INSURER NOTICE.] *The signature of the custodial parent of the insured dependent is a valid authorization to the insurer for purposes of processing an insurance reimbursement payment to the provider of the medical services. When an order for dependent insurance coverage is in effect and the obligor's employment is terminated, or the insurance coverage is terminated, the insurer shall notify the obligee within 10 days of the termination date with notice of conversion privileges.*

Subd. 7. [RELEASE OF INFORMATION.] *When an order for dependent insurance coverage is in effect, the obligor's employer or union shall release to the obligee or the public authority, upon request, information on the dependent coverage, including the name of the insurer. Notwithstanding any other law, information reported pursuant to section 268.121 shall be released to the public agency responsible for support enforcement that is enforcing an order for medical or dental insurance coverage under this section.*

Subd. 8. [OBLIGOR LIABILITY.] *The obligor that fails to maintain the medical or dental insurance for the benefit of the children as ordered shall be liable to the obligee for any medical or dental expenses incurred from the date of the court order. Proof of failure to maintain insurance constitutes a showing of increased need by the obligee pursuant to section 518.64 and provides a basis for a modification of the obligor's child support order.*

Subd. 9. [APPLICATION FOR SERVICE.] *The public agency responsible for support enforcement shall take necessary*

steps to implement and enforce an order for dependent health or dental insurance whenever the children receive public assistance, or upon application of the obligee to the public agency and payment by the obligee of any fees required by section 518.551.

Sec. 11. Minnesota Statutes 1985 Supplement, section 518.611, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] Notwithstanding any law to the contrary, the order is binding on the employer, trustee, or other payor of the funds when service under subdivision 2 has been made. Withholding must begin no later than the first pay period that occurs after 14 days following the date of the notice. An employer or other payor of funds in this state is required to withhold income according to court orders for withholding issued by other states or territories. The payor shall withhold from the income payable to the obligor the amount specified in the order and amounts required under subdivision 2, paragraph (b) and shall remit, (MONTHLY OR MORE FREQUENTLY) *within ten days of the date the obligor is paid the remainder of the income*, the amounts withheld to the public authority. *Employers may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment.* Amounts received by the public authority which are in excess of public assistance expended for the party or for a child shall be remitted to the party. An employer shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of a wage or salary withholding authorized by this section. The employer or other payor of funds shall be liable to the obligee for any amounts required to be withheld.

Sec. 12. Minnesota Statutes 1985 Supplement, section 518.611, subdivision 6, is amended to read:

Subd. 6. [PRIORITY.] An order for withholding under this section or execution or garnishment upon a judgment for child support arrearages or preadjudicated expenses shall have priority over an attachment, execution, garnishment, or wage assignment and shall not be subject to the statutory limitations on amounts levied against the income of the obligor. Amounts withheld from an employee's income must not exceed the maximum permitted under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b)(2). If there is more than one withholding order on a single employee, the employer shall put them into effect, *giving priority first to amounts currently due and not in arrears and then to other amounts*, in the (ORDER) *sequence in which the withholding orders were received* up to the maximum allowed in the Consumer Credit Protection Act.

Sec. 13. Minnesota Statutes 1984, section 518.611, is amended by adding a subdivision to read:

Subd. 8a. [LUMP SUM PAYMENTS.] Upon the transmittal of the last reimbursement payment to the employee, where lump sum severance pay, accumulated sick pay or vacation pay is paid upon termination of employment, and where the employee is in arrears in making court ordered child support payments, the employer shall withhold an amount which is the lesser of (1) the amount in arrears or (2) that portion of the arrearages which is the product of the obligor's monthly court ordered support amount multiplied by the number of months of net income that the lump sum payment represents.

Sec. 14. Minnesota Statutes 1985 Supplement, section 518.645, is amended to read:

518.645 [FORM OF ORDER.]

Unless otherwise ordered by the court, an order for withholding of support or maintenance payments issued under this chapter shall be substantially in the following form:

IT IS ORDERED THAT:

1. The sum of per, representing child support and/or spousal maintenance, ordered by the Court, shall be withheld from the (Husband/Wife Respondent/Petitioner)'s income on by (his/her) present employer or other payor of funds, , and any future employer or other payor of funds, and shall be remitted to:, monthly or more frequently, in accordance with the provisions of Minnesota Statutes, Chapter 518. The file number above and the Obligor's name shall be included with each remittance.

2. An additional amount equal to 20 percent of the amount required to be withheld by paragraph 1 shall be withheld from the income of the Obligor by the employer or payor until the entire arrearage in paragraph 3(b) is paid.

3. The parties are notified that CHILD SUPPORT AND/OR MAINTENANCE WILL BE WITHHELD FROM INCOME ONLY AFTER ALL OF THE FOLLOWING CONDITIONS HAVE BEEN MET:

(a) or the Obligor determines that the Obligor is at least thirty days in arrears in the payment of child support and/or spousal maintenance;

(b) or the Obligor serves written notice of income withholding on the Obligor showing the deter-

mination that child support and/or maintenance payments are thirty days in arrears;

(c) Within fifteen days after service of the notice of income withholding, the Obligor fails to move the Court to deny withholding on the grounds that an arrearage of at least 30 days does not exist as of the date of the notice of income withholding or on other grounds limited to mistakes of fact and, ex parte, to stay service of withholding on the employer or other payor of funds until the motion to deny withholding is heard. Within 45 days from the date of the notice of income withholding, the court shall hold the hearing on the motion to deny withholding and notify the parties of its decision; and

(d) Not sooner than 15 days after service of written notice of income withholding on the Obligor, or the Obligees serves a copy of the notice of income withholding and a copy of the Court's withholding order on the employer or other payor of funds, who will then be obligated to withhold payments from income and forward the amount withheld to

4. The parties and the employer or other payor of funds are further notified that NO EMPLOYER MAY DISCHARGE, SUSPEND, OR OTHERWISE PENALIZE OR DISCIPLINE AN EMPLOYEE BECAUSE THE EMPLOYER MUST WITHHOLD SUPPORT OR MAINTENANCE MONEY. Minnesota Statutes, section 518.611.

5. The payments shall begin to be withheld no later than the first pay period that occurs after 14 days following the date of mailing of the notice to the employer or other payor of funds in paragraph 3(d) and from that date the employer or other payor of funds is liable for amounts required to be withheld.

6. This order for withholding takes priority over any attachment, execution, garnishment, or wage assignment levied against the income of the Obligor. Amounts withheld are not subject to other statutory limitations on amounts levied against the income of the Obligor but must not exceed the maximum permitted under the federal Consumer Credit Protection Act, United States Code, title 15, section 1673(b) (2). If there is more than one withholding order on a single Obligor, the employer or other payor of funds shall put them into effect in the order received, up to the maximum allowed under the Consumer Credit Protection Act.

7. When the Obligor's employment is terminated or the periodic payment ends, the employer or other payor of funds is required to notify within 30 days of the termination date. The notice must include the Obli-

gor's home address of record and, if known, the name and address of the Obligor's new employer or other payor of funds.

8. *Upon transmittal of the last reimbursement payment to the obligor, where lump sum severance pay, accumulated sick pay or vacation pay is paid upon termination of employment, and where the employee is in arrears in making court ordered child support payments, the employer must withhold an amount which is the lesser of (1) the amount in arrears or (2) that portion of the arrearages which is the product of the obligor's monthly court ordered support amount multiplied by the number of months of net income that the lump sum payment represents.*

((8.)) 9. If the Obligee serves the employer or other payor of funds under paragraph 3(d), the Obligee shall also serve the determination and order on, together with an application and fee to use collection services.

((9.)) 10. Service of this Order shall be

Sec. 15. [518.646] [NOTICE OF ORDER.]

Whenever these laws require service of a court's order on an employer, union or payor of funds, service of a verified notice of order may be made in lieu thereof. The verified notice shall contain the title of the action, the name of the court, the court file number, the date of the court order, and shall recite the operative provisions of the order.

Sec. 16. Minnesota Statutes 1984, section 518C.02, subdivision 3, is amended to read:

Subd. 3. [DUTY OF SUPPORT.] "Duty of support" means a duty of support, whether imposed or impossible by law or by order, decree or judgment of a court, whether interlocutory or final, or whether incidental to an action for divorce, separation, separate maintenance or otherwise and includes the duty to pay arrearages of support past due and unpaid, as well as the duty to provide medical, health, or dental insurance or support.

Sec. 17. [REPEALER.]

Minnesota Statutes 1984, section 518.551, subdivision 8, is repealed."

Renumber sections accordingly

Amend title accordingly

The motion prevailed and the amendment was adopted.

Clark moved to amend S. F. No. 1721, as amended, as follows:

Page 1, after line 3, insert:

"Section 1. Minnesota Statutes 1984, section 245.83, is amended by adding a subdivision to read:

Subd. 6. "Resource and referral program" means a program that provides information to parents, including referrals and coordination of community child care resources for parents and public or private providers of care. Services may include parent education, technical assistance for providers, staff development programs, and referrals to social services.

Sec. 2. Minnesota Statutes 1984, section 245.84, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county board is authorized to provide child care services, to make grants from the community social service fund or other sources to any municipality, corporation or combination thereof for the cost of providing technical assistance and child care services, or to contract for services with any licensed day care facility, as the board deems necessary or proper to carry out the purposes of sections 245.83 to 245.87.

The board is further authorized to make grants to or contract with any municipality, incorporated licensed child care facility or resource and referral program, or corporation or combination thereof for any of the following purposes:

(a) For creating new licensed day care facilities and expanding existing facilities including, but not limited to, supplies, equipment, and facility renovation and remodeling;

(b) For improving licensed day care facility programs, including, but not limited to, staff specialists, staff training, supplies, equipment, and facility renovation and remodeling;

(c) For supportive child development services including, but not limited to, inservice training, curriculum development, consulting specialist, resource centers, and program and resource materials;

(d) For carrying out programs including, but not limited to, staff, supplies, equipment, facility renovation, and training; (AND,)

(e) For interim financing; and

(f) *For carrying out the resource and referral program services identified in section 3, subdivision 3.*

Sec. 3. [268.911] [GRANTS FOR SCHOOL AGE CHILD CARE PROGRAMS AND CHILD CARE RESOURCE AND REFERRAL PROGRAMS.]

Subdivision 1. [AUTHORITY.] The commissioner may make grants to public or private nonprofit agencies for the planning, establishment, expansion, improvement, or operation of child care resource and referral programs and child care services according to the provisions of this section and may make grants to county boards to carry out the purposes of section 245.84.

Subd. 2. [FEDERAL DEPENDENT CARE GRANTS PROGRAM.] The commissioner shall submit an application annually to the United States secretary of health and human services for the purpose of obtaining the state's allotment of funds authorized under chapter 8 of Title VI of the Omnibus Budget Reconciliation Act, United States Code, title 42, sections 9871 to 9877. Federal funds received under this allotment for the planning, development, establishment, expansion, or improvement of local resource and referral systems and school age child care services which are awarded as grants under subdivision 1 must be used in conformance with the federal requirements.

Subd. 3. [PROGRAM SERVICES.] The commissioner may make grants to public or private nonprofit entities to fund child care resource and referral programs. Child care resource and referral programs must serve a defined geographic area.

(a) Each program shall identify all existing child care services through information provided by all relevant public and private agencies in the areas of service, and shall develop a resource file of the services which shall be maintained and updated at least quarterly. These services must include family day care homes; public and private day care programs; full-time and part-time programs; infant, preschool, and extended care programs; and programs for school age children.

The resource file must include: the type of program, hours of program service, ages of children served, fees, location of the program, eligibility requirements for enrollment, and transportation available to the program. The file may also include program information and special needs services.

(b) Each program shall establish a referral process which responds to parental need for information and which fully recognizes confidentiality rights of parents. The referral process must afford parents maximum access to all referral information. This access must include telephone referral available for no less than 20 hours per week.

Each child care resource and referral agency shall publicize its services through popular media sources, agencies, and other appropriate methods.

(c) Each program shall maintain ongoing documentation of requests for service. All child care resource and referral agencies must maintain documentation of the number of calls and contacts to the child care information and referral agency or component. A program may collect and maintain the following information:

- (1) ages of children served;*
- (2) time category of child care request for each child;*
- (3) special time category, such as nights, weekends, and swing shift; and*
- (4) reason that the child care is needed.*

(d) Each program shall have available the following information as an educational aid to parents:

- (1) information on aspects of evaluating the quality and suitability of child care services, including licensing regulation, financial assistance available, child abuse reporting procedures, appropriate child development information;*
- (2) information on available parent, early childhood, and family education programs in the community.*

(e) A program may provide technical assistance to existing and potential providers of all types of child care services. This assistance shall include:

- (1) information on all aspects of initiating new child care services including licensing, zoning, program and budget development, and assistance in finding information from other sources;*
- (2) information and resources which help existing child care providers to maximize their ability to serve the children and parents of their community;*
- (3) dissemination of information on current public issues affecting the local and state delivery of child care services;*
- (4) facilitation of communication between existing child care providers and child-related services in the community served; and*
- (5) recruitment of licensed providers.*

Services prescribed by this section must be designed to maximize parental choice in the selection of child care and to facilitate the maintenance and development of child care services and resources.

(f) *Child care resource and referral information must be provided to all persons requesting services and to all types of child care providers.*

(g) *Public or private entities may apply to the commissioner for funding. The maximum amount of money which may be awarded to any entity for the provision of service under this subdivision is \$60,000 per year. A local match of up to 25 percent is required.*

Subd. 4. [APPLICATION; RULES.] Applicants for grants under subdivision 1 shall apply on a form provided by the commissioner. Applications for grants using funds received by the state pursuant to subdivision 2 shall include assurances that federal requirements have been met. The commissioner may adopt emergency rules and shall adopt permanent rules to implement this section."

Renumber the sections

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

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

The bill was read for the 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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.
Anderson, R.
Backlund
Battaglia

Beard
Becklin
Begich
Bennett

Bishop
Blatz
Boerboom
Boo

Brandl
Brinkman
Brown
Burger

Carlson, D.
Carlson, L.
Clark
Clausnitzer

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

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

S. F. No. 1641 which was temporarily laid over earlier today was again reported to the House.

Frerichs moved to amend S. F. No. 1641, as follows:

Page 1, after line 8, insert:

"Section 1. [65B.481] [DRIVER TO HAVE PROOF OF INSURANCE IN POSSESSION.]

Every driver shall have in his immediate possession at all times when operating a motor vehicle evidence that insurance covering the vehicle is in effect. On demand of a peace officer, an authorized representative of the department of public safety, or an officer authorized by law to enforce the laws relating to the operation of motor vehicles on public streets and highways, the driver must produce proof of insurance in the form of a valid insurance policy or an identification card issued by an insurer. No person shall be in violation of this section if the person provides the required proof of insurance to the officer within seven days or to the court on or before the date set for appearance. The commissioner of public safety may suspend the license of any operator who violates this section. Commercial vehicles required to file proof of insurance pursuant to chapter 221 are exempt from this section.

Sec. 2. Minnesota Statutes 1984, section 65B.67, subdivision 3, is amended to read:

Subd. 3. [VIOLATION BY DRIVER.] Any other person who operates a motor vehicle or motorcycle upon a public highway, street or road in this state (WITH KNOWLEDGE) *who knows or has reason to know* that the owner does not have security complying with the terms of section 65B.48 in full force and effect is guilty of a misdemeanor and shall be sentenced as provided in subdivision 4.

Sec. 3. Minnesota Statutes 1984, section 65B.67, subdivision 4a, is amended to read:

Subd. 4a. The commissioner of public safety (MAY) *shall* revoke the registration of any motor vehicle or motorcycle, and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of the registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision to be certified by the insurance carrier to be noncancelable for a period not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license.

Sec. 4. Minnesota Statutes 1985 Supplement, section 168.011, subdivision 4, is amended to read:

Subd. 4. [MOTOR VEHICLE.] "Motor vehicle" means any self-propelled vehicle not operated exclusively upon railroad tracks and any vehicle propelled or drawn by a self-propelled vehicle and includes vehicles known as trackless trolleys which are propelled by electric power obtained from overhead trolley wires but not operated upon rails, except snowmobiles and manufactured homes. *After July 31, 1985, motor vehicle does not include a three-wheel off-road vehicle as defined in section 84.92, subdivision 8; except that if the three-wheel off-road vehicle was licensed as a motor vehicle before August 1, 1985, the owner may continue to license it as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter."*

Page 3, after line 3, insert:

"Sec. 5. Minnesota Statutes 1985 Supplement, section 168.012, subdivision 1c, is amended to read:

Subd. 1c. (a) The annual *administrative* fee for (TRAILER LICENSE PLATES ISSUED TO) a tax-exempt vehicle under this section is \$5 (FOR EACH PLATE). ((B) THE ANNUAL FEE FOR LICENSE PLATES ISSUED TO ALL OTHER TAX EXEMPT VEHICLES IS A \$5 ADMINISTRATIVE HANDLING FEE AND \$10 FOR TWO PLATES PER VEHICLE.) *The license plate fee for a tax-exempt vehicle, except a trailer, is \$10 for two plates per vehicle, payable only on the first tax-exempt registration of the vehicle.* ((C) ON OR AFTER MARCH 1, 1986,) The registration period for a tax-exempt vehicle is biennial (AND NEW PLATES WILL BE ISSUED FOR THE LIFE OF THE VEHICLE). (FEES ARE) *The administrative fee is due on March 1 biennially and payable the preceding January 1, with validating stickers issued at time of payment. (IF THE TAX-EXEMPT VEHICLE IS NEWLY REGISTERED FOR LESS THAN THE TWO YEAR PERIOD, THE FEE MUST BE APPORTIONED BY SIX-MONTH INCREMENTS, BUT IN NO EVENT MAY THE FEE BE LESS THAN \$5 PER VEHICLE.)*

(b) *The owner of a tax-exempt vehicle shall apply for tax-exempt license plates, and pay the administrative and plate fees, and the filing fee under section 168.33, subdivision 7, only to a deputy registrar in the county in which the vehicle is domiciled.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 168.013, subdivision 1c, is amended to read:

Subd. 1c. [FARM TRUCKS.] (1) On farm trucks having a gross weight of not more than 57,000 pounds, the tax shall be based on total gross weight and shall be 45 percent of the Minnesota base rate prescribed by subdivision 1e during each of the first eight years of vehicle life, but in no event less than \$35, and during the ninth and succeeding years of vehicle life the tax shall be 27 percent of the Minnesota base rate prescribed by subdivision 1e, but in no event less than \$21 (, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION. ON FARM TRUCKS HAVING A GROSS WEIGHT OF NOT MORE THAN 57,000 POUNDS DURING EACH OF THE FIRST EIGHT YEARS OF VEHICLE LIFE, THE TAX SHALL BE 45 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE.)

(ON FARM TRUCKS HAVING A GROSS WEIGHT OF NOT MORE THAN 57,000 POUNDS DURING THE NINTH AND SUCCEEDING YEARS OF VEHICLE LIFE, THE TAX SHALL BE 27 PERCENT OF THE MINNESOTA BASE RATE SCHEDULE).

(2) On farm trucks having a gross weight of more than 57,000 pounds, the tax shall be 60 percent of the Minnesota base rate during *each* of the first eight years of vehicle life and 36 percent of the Minnesota base rate during the ninth and succeed-

ing years (, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION. ON FARM TRUCKS HAVING A GROSS WEIGHT OF MORE THAN 57,000 POUNDS DURING THE FIRST EIGHT YEARS OF VEHICLE LIFE, THE TAX SHALL BE 60 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE.)

(ON FARM TRUCKS HAVING A GROSS WEIGHT OF MORE THAN 57,000 POUNDS, DURING THE NINTH AND SUCCEEDING YEARS OF VEHICLE LIFE, THE TAX SHALL BE 36 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE.)

(IN ADDITION TO THE GROSS WEIGHT TAX IMPOSED ON A TRUCK-TRACTOR OR TRUCK USED AS A TRUCK-TRACTOR, EACH SEMITRAILER SHALL BE TAXED A FEE OF \$10 FOR A ONE YEAR PERIOD OR \$50 FOR A FIVE YEAR PERIOD WHICHEVER THE APPLICANT ELECTS).

Sec. 7. Minnesota Statutes 1985 Supplement, section 168.013, subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.] On trucks and tractors except those in this chapter defined as farm trucks, on truck-tractor and semitrailer combinations except those defined as farm combinations, and on commercial zone vehicles, the tax based on total gross weight shall be graduated according to the Minnesota base rate schedule prescribed in this subdivision, but in no event less than \$120.

Minnesota Base Rate Schedule

Scheduled taxes include five percent surtax
provided for in subdivision 14

TOTAL GROSS WEIGHT IN POUNDS

	TAX
A 0 - 1,500	\$ 15
B 1,501 - 3,000	20
C 3,001 - 4,500	25
D 4,501 - 6,000	35
E 6,001 - 9,000	45
F 9,001 - 12,000	70
G 12,001 - 15,000	105

H 15,001 - 18,000	145
I 18,001 - 21,000	190
J 21,001 - 26,000	270
K 26,001 - 33,000	360
L 33,001 - 39,000	475
M 39,001 - 45,000	595
N 45,001 - 51,000	715
O 51,001 - 57,000	865
P 57,001 - 63,000	1015
Q 63,001 - 69,000	1185
R 69,001 - 73,280	1325
S 73,281 - 78,000	1525
T 78,001 - 81,000	1625

For each vehicle with a gross weight in excess of 81,000 pounds an additional tax of \$50 is imposed for each ton or fraction thereof in excess of 81,000 pounds, subject to subdivision 12.

Truck-tractors except those herein defined as farm and commercial zone vehicles shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of the truck-tractor and any semitrailer or semitrailers which the applicant proposes to combine with the truck-tractor.

Commercial zone trucks include only trucks, truck-tractors, and semitrailer combinations which are:

(1) used by an authorized local cartage carrier operating under a permit issued under section 221.296 and whose gross transportation revenue consists of at least 60 percent obtained solely from local cartage carriage, and are operated solely within an area composed of two contiguous cities of the first class and municipalities contiguous thereto as defined by section 221.011, subdivision 17; or,

(2) operated by an interstate carrier registered under section 221.60, or by an authorized local cartage carrier or other carrier receiving operating authority under chapter 221, and operated

solely within a zone exempt from regulation by the interstate commerce commission pursuant to United States Code, title 49, section 10526(b).

The license plates issued for commercial zone vehicles shall be plainly marked. A person operating a commercial zone vehicle outside the zone or area in which its operation is authorized is guilty of a misdemeanor and, in addition to the penalty therefor, shall have the registration of the vehicle as a commercial zone vehicle revoked by the registrar and shall be required to reregister the vehicle at 100 percent of the full annual tax prescribed in the Minnesota base rate schedule, and no part of this tax shall be refunded during the balance of the registration year.

On commercial zone trucks the tax shall be based on the total gross weight of the vehicle and during *each of* the first eight years of vehicle life shall be 75 percent of the Minnesota base rate schedule. During the ninth and succeeding years of vehicle life the tax shall be 50 percent of the Minnesota base rate schedule (, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION. ON COMMERCIAL ZONE TRUCKS, DURING THE NINTH AND SUCCEEDING YEARS OF VEHICLE LIFE, THE TAX SHALL BE 50 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE).

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those (URBAN TRUCKS AND COMBINATIONS AND) commercial zone vehicles specifically provided for in this subdivision, the tax for *each of* the first eight years of vehicle life shall be 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life, the tax shall be 75 percent of the Minnesota base rate prescribed by this subdivision (, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION.)

(ON TRUCKS, TRUCK-TRACTORS AND SEMITRAILER COMBINATIONS, EXCEPT THOSE DEFINED AS FARM TRUCKS AND FARM COMBINATIONS, AND EXCEPT FOR THOSE COMMERCIAL ZONE VEHICLES SPECIFICALLY PROVIDED FOR IN THIS SUBDIVISION, DURING EACH OF THE FIRST EIGHT YEARS OF VEHICLE LIFE THE TAX SHALL BE 100 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE).

Sec. 8. Minnesota Statutes 1984, section 168.28, is amended to read:

168.28 [VEHICLES SUBJECT TO TAX; EXCEPTIONS.]

Every motor vehicle (except those exempted in section 168.012, and except those (EXEMPTED IN SECTION 168.012) which are being towed upon the streets and highways and which

shall not be deemed to be using the streets and highways within the meaning of this section) shall be deemed to be one using the public streets and highways and hence as such subject to taxation under this act if such motor vehicle has since April 23, 1921, used such public streets or highways, or shall actually use them, or if it shall come into the possession of an owner other than as a manufacturer, dealer, warehouseman, mortgagee or pledgee. New and unused motor vehicles in the possession of a dealer solely for the purpose of sale, and used or secondhand motor vehicles which have not theretofore used the public streets or highways of this state which are in the possession of a dealer solely for the purpose of sale and which are duly listed as herein provided, shall not be deemed to be vehicles using the public streets or highways. The driving or operating of a motor vehicle upon the public streets or highways of this state by a motor vehicle dealer or any employee of such motor vehicle dealer for demonstration purposes or for any purpose incident to the usual and customary conduct and operation of his business in which he has been licensed under section 168.27 to engage, or solely for the purpose of moving it from points outside or within the state to the place of business or storage of a licensed dealer within the state or solely for the purpose of moving it from the place of business of a manufacturer, or licensed dealer within the state to the place of business or residence of a purchaser outside the state, shall not be deemed to be using the public streets or highways in the state within the meaning of this chapter or of the Constitution of the State of Minnesota, Article 14, and shall not be held to make the motor vehicle subject to taxation under this chapter as one using the public streets or highways, if during such driving or moving the dealer's plates herein provided for shall be duly displayed upon such vehicle. Any dealer or distributor may register a motor vehicle prior to its assessment or taxation as personal property, and pay the license fee and tax thereon for the full calendar year as one using the public streets and highways, and thereafter such vehicle shall be deemed to be one using the public streets and highways and shall not be subject to assessment or taxation as personal property during the calendar year for which it is so registered, whether or not such vehicle shall actually have used the streets or highways.

Sec. 9. Minnesota Statutes 1984, section 169.123, subdivision 5c, is amended to read:

Subd. 5c. [PETITION FOR JUDICIAL REVIEW.] Within 30 days following receipt of a notice and order of revocation pursuant to this section, a person may petition the court for review. The petition shall be filed with the clerk of county or municipal court in the county where the alleged offense occurred, together with proof of service of a copy on the commissioner of public safety, and accompanied by the standard filing fee for civil actions. No responsive pleading shall be required of the commissioner of public safety, and no court fees shall be charged for his appearance in the matter.

The petition shall be captioned in the name of the person making the petition as petitioner and the commissioner of public safety as respondent. *The petition shall include the petitioner's date of birth and driver's license number, the date of the offense, and a copy of the notice of revocation.* The petition shall state with specificity the grounds upon which the petitioner seeks rescission of the order of revocation or denial.

The filing of the petition shall not stay the revocation or denial. The reviewing court may order a stay of the balance of the revocation if the hearing has not been conducted within 60 days after filing of the petition upon terms the court deems proper. Judicial reviews shall be conducted according to the rules of civil procedure.

Sec. 10. Minnesota Statutes 1984, section 169.44, is amended by adding a subdivision to read:

Subd. 16. [MOTOR COACH USED FOR SCHOOL ACTIVITIES.] After January 1, 1986, a school district or an area vocational technical institute shall not acquire a motor coach. Motor coaches acquired by school districts or area vocational technical institutes before January 1, 1986, may be used by school districts or area vocational technical institutes only to transport students participating in school activities, their instructors, and supporting personnel, to and from school activities. The motor coaches shall not in any way be outwardly equipped and identified as school buses. A motor coach operated under this subdivision is not a school bus for purposes of section 124.225. By August 1, 1986, the state board of education shall adopt rules governing the equipment, identification, operation, inspection, and certification of motor coaches operated under this subdivision. After January 1, 1998, a school district or area vocational technical institute shall not own or operate a motor coach for any purpose.

Sec. 11. Minnesota Statutes 1984, section 171.02, subdivision 3, is amended to read:

Subd. 3. [MOTORIZED BICYCLES.] No motorized bicycle shall be operated on any public roadway by any person who does not possess a valid drivers license, unless the person has obtained a motorized bicycle operator's permit from the commissioner of public safety. The permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. The commissioner may promulgate rules and regulations prescribing the content of the examination and the information to be contained on the permit.

The fees for motorized bicycle operator's permit are as follows:

- (a) Examination and operator's permit, valid for one year \$4
- (b) Duplicate \$2

(c) Renewal permit before age (18) 19 and valid until age (18) 19 \$6

(d) Renewal permit after age (18) 19 and valid for four years \$10

(e) Duplicate of any renewal permit \$3

Sec. 12. Minnesota Statutes 1984, section 171.07, subdivision 5, is amended to read:

Subd. 5. The department may provide a donor document to each person making application for a driver's license or a Minnesota identification card whereby any such person (, 18 YEARS OF AGE OR MORE,) may execute an anatomical gift, pursuant to the provisions of the uniform anatomical gift act, sections 525.921 to 525.93. The commissioner of public safety shall prescribe the form of the donor document. *If the donor is 18 years of age or older, the donor document must be signed by the donor in the presence of two witnesses who must sign the donor document in the donor's presence. If the donor cannot sign, the donor document may be signed for the donor at the donor's direction, in the donor's presence, and in the presence of two witnesses who must sign the donor document in the donor's presence. If the donor is a minor, the donor document must be signed by the minor donor, and both of the minor donor's parents, a legal guardian, or the parent or parents having legal custody. If the minor cannot sign, the donor document may not be signed for the minor.* The department shall identify donors of anatomical gifts by the designation "donor" on the front side of the donor's driver's license or Minnesota identification card. The designation "donor" shall constitute sufficient legal authority for the removal of all body organs or parts upon death of the donor for the purpose of transplantation and the designation shall be removed only upon written notice to the department. (NO DESIGNATION MAY BE NOTED UPON THE DRIVER'S LICENSE OR MINNESOTA IDENTIFICATION CARD OF ANY PERSON UNDER 18.) Delivery of the license or Minnesota identification card during the donor's lifetime is not necessary to make the gift valid.

Sec. 13. Minnesota Statutes 1985 Supplement, section 171.27, is amended to read:

171.27 [EXPIRATION OF LICENSES.]

The expiration date for each driver's license, other than provisional licenses, is the birthday of the driver in the fourth year following the date of issuance of the license. The birthday of the driver shall be as indicated on the application for a driver's license. A license may be renewed on or before expiration or within one year after expiration upon application, payment of the required fee, and passing the examination required of all drivers for renewal. Driving privileges shall be extended

or renewed on or preceding the expiration date of an existing driver's license unless the commissioner believes that the licensee is no longer qualified as a driver.

The expiration date for each provisional license shall be the (18TH) 19th birthday of the licensee. Upon the provisional licensee attaining the age of (18) 19 and upon the application, payment of the required fee, and passing the examination required of all drivers for renewal, a driver's license shall be issued if the commissioner deems the record of the provisional licensee to be satisfactory.

Any valid Minnesota driver's license issued to a person then or subsequently on active duty with the Armed Forces of the United States, or the person's spouse, shall continue in full force and effect without requirement for renewal until 90 days after the date of the person's discharge from such service, provided that a spouse's license must be renewed if the spouse is residing within the state at the time the license expires or within 90 days after the spouse returns to Minnesota and resides within the state.

Sec. 14. Minnesota Statutes 1985 Supplement, section 221.033, subdivision 3, is amended to read:

Subd. 3. [VARIANCE, RULES.] The commissioner shall adopt rules which provide a procedure for granting a variance from those regulations adopted under subdivision 1 which prescribe specifications for tank motor vehicles used to transport gasoline. The variance may be granted only (TO PERSONS WHO TRANSPORT GASOLINE IN) for tank motor vehicles with a capacity of 3,000 gallons or less which are used to transport gasoline and were designed and manufactured between 1950 and 1975 (ACCORDING TO AMERICAN SOCIETY OF MECHANICAL ENGINEERS SPECIFICATIONS IN EFFECT AT THE TIME OF MANUFACTURE) to transport petroleum products. The commissioner shall prescribe alternative requirements to assure the safety of the tank motor vehicles operated under the variance, and shall register each tank motor vehicle operated under the variance.

Sec. 15. [PREPAID FEES FOR TAX-EXEMPT VEHICLES CARRIED FORWARD.]

The owner of a tax-exempt vehicle registered for the two-year period beginning March 1, 1986, whose fees for administrative handling, license plates, and filing exceeded \$20 per vehicle, may apply the excess toward payment of administrative handling fees for tax-exempt vehicles in subsequent registration periods, as provided in this section. Only payments made before the effective date of section 5 may be applied to subsequent administrative handling fees. The registrar shall notify each

owner of a tax-exempt vehicle of the amount of the credit, if any, for which the owner is eligible under this section."

Page 3, after line 7, insert:

"Sec. 16. [REPEALER.]

Minnesota Statutes 1984, section 171.15, subdivision 2, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Section 10 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1641, as amended, was read for the third time.

MOTION FOR RECONSIDERATION

Tomlinson moved that the action whereby S. F. No. 1641, as amended, was given its third reading be now reconsidered. The motion prevailed.

Tomlinson moved to amend S. F. No. 1641, as amended by the Frerichs amendment, as follows:

Strike Section 1 of the Frerichs amendment

Frerichs moved that S. F. No. 1641, as amended, be continued on Special Orders. The motion prevailed.

S. F. No. 1014 was reported to the House.

Sviggum moved to amend S. F. No. 1014, the unofficial engrossment, as follows:

Page 2, after line 30, insert:

"Sec. 2. Minnesota Statutes 1984, section 260.015, subdivision 5, is amended to read:

Subd. 5. [DELINQUENT CHILD.] "Delinquent child" means a child:

(a) Who has violated any state or local law, except as provided in section 260.193, subdivision 1, and except for juvenile offenders as described in subdivisions 19 to 23; (OR)

(b) Who has violated a federal law or a law of another state and whose case has been referred to the juvenile court if the violation would be an act of delinquency if committed in this state or a crime or offense if committed by an adult; or

(c) Who has escaped from confinement to a state juvenile correctional facility after being committed to the custody of the commissioner of corrections.

Sec. 3. Minnesota Statutes 1984, section 260.125, subdivision 3, is amended to read:

Subd. 3. A prima facie case that the public safety is not served or that the child is not suitable for treatment shall have been established if the child was at least 16 years of age at the time of the alleged offense and:

(1) Is alleged by delinquency petition to have committed an aggravated felony against the person and (a) in committing the offense, the child acted with particular cruelty or disregard for the life or safety of another; or (b) the offense involved a high degree of sophistication or planning by the juvenile; or

(2) Is alleged by delinquency petition to have committed murder in the first degree; or

(3) Is alleged by delinquency petition (a) to have committed the delinquent act of escape from confinement to a state juvenile correctional facility and (b) to have committed an offense as part of, or subsequent to, escape from custody that would be a felony listed in section 609.11, subdivision 9 if committed by an adult; or

((3)) (4) Has been found by the court, pursuant to an admission in court or after trial, to have committed an offense within the preceding 24 months which would be a felony if committed by an adult, and is alleged by delinquency petition to have committed murder in the second or third degree, manslaughter in the first degree, criminal sexual conduct in the first degree or assault in the first degree; or

((4)) (5) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed manslaughter in the second degree, kidnapping, criminal sexual

conduct in the second degree, arson in the first degree, aggravated robbery, or assault in the second degree; or

((5)) (6) Has been found by the court, pursuant to an admission in court or after trial, to have committed two offenses, not in the same behavioral incident, within the preceding 24 months, one or both of which would be the felony of burglary of a dwelling if committed by an adult, and the child is alleged by the delinquency petition to have committed another burglary of a dwelling. For purposes of this subdivision, "dwelling" means a building which is, in whole or in part, usually occupied by one or more persons living there at night; or

((6)) (7) Has previously been found by the court, pursuant to an admission in court or after trial, to have committed three offenses, none in the same behavioral incident, within the preceding 24 months which would be felonies if committed by an adult, and is alleged by delinquency petition to have committed any felony other than those described in (CLAUSES) *clause* (2), ((3) OR) (4), or (5).

For the purposes of this subdivision, "aggravated felony against the person" means a violation of any of the following provisions: sections 609.185; 609.19; 609.195; 609.20, subdivision 1 or 2; 609.221; 609.222; 609.223; 609.245; 609.25; 609.342; 609.343; 609.344, clause (c) or (d); 609.345, clause (c) or (d); 609.561; 609.58, subdivision 2, clause (b); or 609.713."

Renumber the remaining sections

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "defining escape from a juvenile correctional facility as a delinquent act;"

Page 1, line 11, after the semicolon, insert "260.015, subdivision 5; 260.125, subdivision 3;"

The motion prevailed and the amendment was adopted.

Kelly moved to amend S. F. No. 1014, the unofficial engrossment, as amended, as follows:

Page 9, after line 19, insert:

"Sec. 10. [611A.033] [SPEEDY TRIAL; NOTICE OF SCHEDULE CHANGE.]

(a) *A victim has the right to request that the prosecutor make a demand under rule 11.10 of the Rules of Criminal Pro-*

cedure that the trial be commenced within 60 days of the demand. The prosecutor shall make reasonable efforts to comply with the victim's request.

(b) A prosecutor shall make reasonable efforts to provide advance notice of any change in the schedule of the court proceedings to a victim who has been subpoenaed or requested to testify.

Sec. 11. [611A.034] [SEPARATE WAITING AREAS IN COURT HOUSE.]

The court shall provide a waiting area for victims during court proceedings which is separate from the waiting area used by the defendant, the defendant's relatives, and defense witnesses, if such a waiting area is available and its use is practical. If a separate waiting area for victims is not available or practical, the court shall provide other safeguards to minimize the victim's contact with the defendant, the defendant's relatives, and defense witnesses during court proceedings."

Amend the title as follows :

Page 1, line 13, delete the second "and" and insert "611A.032 and 611A.034"

Page 1, line 16, delete "chapter" and insert "chapters" and before the period insert "and 611A"

The motion prevailed and the amendment was adopted.

Schafer moved to amend S. F. No. 1014, the unofficial engrossment, as amended, as follows :

Page 9, after line 19, insert:

"Sec. 12. [POSSESSION OF LIQUOR BY A PERSON BETWEEN THE AGES OF 19 AND 21.]

Notwithstanding any provision of law to the contrary, possession of liquor by a person between the ages of 19 and 21 shall be a petty misdemeanor, punishable by a fine of up to \$100.00.

Sec. 13. [FURNISHING LIQUOR TO A PERSON BETWEEN THE AGES OF 19 AND 21.]

Notwithstanding any provision of law to the contrary, furnishing liquor to a person between the ages of 19 and 21 shall be a petty misdemeanor, punishable by a fine of up to \$100.00."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Marsh moved to amend S. F. No. 1014, the unofficial engrossment, as amended, as follows:

Page 3, line 6, delete "\$3,000" and insert "\$5,000"

The motion prevailed and the amendment was adopted.

MOTION FOR RECONSIDERATION

Seaberg moved that the vote whereby the Schafer amendment to S. F. No. 1014, the unofficial engrossment, as amended, was adopted be now reconsidered. The motion prevailed.

Schafer withdrew his amendment to S. F. No. 1014, the unofficial engrossment, as amended.

Ogren offered an amendment to S. F. No. 1014, as amended.

POINT OF ORDER

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

S. F. No. 1014, A bill for an act relating to public safety; subjecting rules relating to drunk driving to certain provisions of the administrative procedure act; repealing rules; providing for the application of certain traffic regulations; eliminating redundant and surplus language; requiring courts to furnish information relating to prior convictions without charge in gross misdemeanor prosecutions of the driving while under the influence of alcohol law; clarifying the prosecution for failure to appear in court; providing for notice to grandparents in certain matters concerning juveniles; providing for rights of grandparents at hearings concerning juveniles; requiring revocation of the drivers license of a person who flees in a motor vehicle from a peace officer; authorizing criminal trials with petit juries composed of six persons for gross misdemeanor prosecutions; clarifying the receipt of a copy of a confession or admission; admitting into evidence for impeachment purposes certain convictions of prior driving offenses; amending Minnesota Statutes 1984, sections 14.02, subdivision 4; 169.02, subdivision 1; 169.121, subdivisions 1, 2, and 3; 169.123, subdivision 2; 169.128; 169.129; 169.92, subdivision 1; 171.17; 171.30, subdivision 1; 260.141, subdivision 1; 260.155, subdivision 6; 593.01, subdivision 2; and 611.033; proposing coding for new law in Minnesota Statutes, chapter 634.

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 126 yeas and 4 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bishop Quinn Scheid Seaberg

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

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from 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. 1930, A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

The Senate has appointed as such Committee Messrs. Taylor; Bertram and Moe, R. D.

Said House File is herewith returned to the House.

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. 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 Senate has appointed as such Committee Messrs. Pogemiller and Frank; Ms. Olson and Messrs. Johnson, D. J., and Freeman.

Said House File is herewith returned to the House.

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. 1744, A bill for an act relating to education; making changes to the definition of a school; providing for the admission into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

The Senate has appointed as such Committee Messrs. Pehler; Nelson and Peterson, R. W.

Said House File is herewith returned to the House.

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. 1886, A bill for an act relating to local government; changing the notice requirements for special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

The Senate has appointed as such Committee Messrs. Jude and Schmitz and Mrs. McQuaid.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2010, A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

PATRICK E. FLAHAVEN, Secretary of the Senate

Shaver moved that the House refuse to concur in the Senate amendments to H. F. No. 2010, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 31, A bill for an act relating to motorboat safety; requiring liability insurance on watercraft; strengthening prohibitions and penalties regarding operation of motorboat while under the influence of alcohol or a controlled substance; providing a penalty; amending Minnesota Statutes 1984, sections 361.02, subdivision 9; 361.03, by adding subdivisions; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 31

A bill for an act relating to motorboat safety; requiring liability insurance on watercraft; strengthening prohibitions and penalties regarding operation of motorboat while under the influence of alcohol or a controlled substance; providing a penalty;

amending Minnesota Statutes 1984, sections 361.02, subdivision 9; 361.03, by adding subdivisions; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361.

March 14, 1986

The Honorable Jerome M. Hughes
President of the Senate

The Honorable David M. Jennings
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 31, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 31 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 361.02, subdivision 9, is amended to read:

Subd. 9. "Underway or in use" means any watercraft in operation or use (WHEN NOT) *unless it is securely fastened to a dock or other permanent mooring. As used in section 361.12 and section 3, "underway or in use" means any motorboat in operation unless it is fastened to a dock or other mooring, anchored, or beached.*

Sec. 2. Minnesota Statutes 1984, section 361.12, is amended to read:

361.12 [ALCOHOL, DRUGS, PHYSICAL OR MENTAL DISABILITY.]

Subdivision 1. [ACTS PROHIBITED.] (a) No person shall operate or be in (ACTUAL) physical control of any (WATERCRAFT) motorboat while underway or in use on the waters of this state while under the influence of:

(1) alcohol, as provided in section 169.121, subdivision 1 (OR), *clauses (a) and (d);*

(2) a controlled substance, as defined in section 152.01, subdivision 4; or

(3) a combination of any two or more of the elements named in clauses (1) and (2).

(b) No owner or other person having charge or control of any (WATERCRAFT) motorboat shall (KNOWINGLY) au-

thorize or permit any (PERSON WHO) *individual the person knows or has reason to believe is under the influence of alcohol (,) or a controlled substance, as provided under paragraph (a), to operate (SUCH WATERCRAFT) the motorboat while underway or in use on the waters of this state.*

(SUBD. 2.) (c) No owner or other person having charge or control of any (WATERCRAFT) *motorboat shall knowingly authorize or permit any person, who by reason of any physical or mental disability is incapable of operating (SUCH WATERCRAFT) the motorboat, to operate (SUCH WATERCRAFT) the motorboat while underway or in use on the waters of this state.*

Subd. 2. [ARREST.] *Conservation officers of the department of natural resources, sheriffs, sheriff's deputies, and other peace officers may arrest a person for a violation under subdivision 1 without a warrant upon probable cause, if the violation was committed in the officer's presence. If the violation did not occur in the officer's presence, the officer may arrest the person if the person was involved in a motorboat accident resulting in death, personal injury, or property damage.*

Subd. 3. [PRELIMINARY SCREENING TEST.] *When an officer authorized under subdivision 2 to make arrests has reason to believe from the manner in which a person is operating, controlling, or acting upon departure from a motorboat, or has operated or been in control of a motorboat, that the operator may be violating or has violated subdivision 1, paragraph (a), the officer may require the operator to provide a breath sample for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of the preliminary screening test shall be used for the purpose of deciding whether any arrest should be made under this section and whether to require the chemical test authorized in section 3, but may not be used in any court action except to prove that a test was properly required of an operator pursuant to section 3. Following the preliminary screening test, additional tests may be required of the operator as provided under section 3. Any operator who refuses a breath sample is subject to the provisions of section 3 unless, in compliance with that section, the operator submits to a blood, breath, or urine test to determine the presence of alcohol or a controlled substance.*

Subd. 4. [EVIDENCE.] (a) *Upon the trial of any prosecution arising out of acts alleged to have been committed by any person arrested for operating or being in physical control of any motorboat in violation of subdivision 1, paragraph (a), the court may admit evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine as shown by an analysis of those items.*

(b) *For the purposes of this subdivision:*

(1) *evidence that there was at the time an alcohol concentration of 0.05 or less is prima facie evidence that the person was not under the influence of alcohol;*

(2) *evidence that there was at the time an alcohol concentration of more than 0.05 and less than 0.10 is relevant evidence in indicating whether or not the person was under the influence of alcohol.*

(c) *Evidence of the refusal to take a preliminary screening test required under subdivision 3 or a chemical test required under section 3 is admissible into evidence in a prosecution under this section.*

(d) *This subdivision does not limit the introduction of any other competent evidence bearing upon the question whether or not the person was under the influence of alcohol or a controlled substance, including results obtained from partial tests on an infrared breath-testing instrument. A result from a partial test is the measurement obtained by analyzing one adequate breath sample. A sample is adequate if the instrument analyzes the sample and does not indicate the sample is deficient.*

Subd. 5. [PENALTIES.] (a) *A person who violates any prohibition contained in subdivision 1 is guilty of a misdemeanor; except that a person who violates any prohibition contained in subdivision 1 within five years of a prior conviction under that subdivision or civil liability under section 3, subdivision 2, or within ten years of two or more prior convictions under that subdivision or civil liability under section 3, subdivision 2, is guilty of a gross misdemeanor.*

(b) *A person who operates a motorboat on the waters of this state during the period the person is prohibited from operating any motorboat or after the person's motorboat operator's permit has been revoked, as provided under subdivision 6, is guilty of a misdemeanor.*

Subd. 6. [OPERATING PRIVILEGES SUSPENDED; REVOKED.] (a) *Upon conviction, and in addition to any penalty imposed under subdivision 5, the person is prohibited from operating any motorboat on the waters of this state for a period of 90 days between May 1 and October 31, extending over two consecutive years if necessary.*

(b) *A person 13 years of age or older but less than 18 years of age who violates any prohibition contained in subdivision 1 shall have his motorboat operator's permit revoked by the commissioner as required by section 361.22, subdivision 2, in addition to any other penalty imposed by the court.*

Subd. 7. [DUTIES OF COMMISSIONER.] *The court shall promptly forward copies of all convictions and criminal and civil*

penalties imposed under subdivision 5 and section 3, subdivision 2, to the commissioner. The commissioner shall notify the convicted person of the period during which the person is prohibited from operating a motorboat as provided under subdivision 6 or section 3, subdivision 2. The commissioner shall also periodically circulate to appropriate law enforcement agencies a list of all persons who are prohibited from operating any motorboat or have had their motorboat operator's permits revoked pursuant to subdivision 6 or section 3, subdivision 2.

Subd. 8. [IMMUNITY FROM LIABILITY.] *The state or political subdivision which is the employer of an officer authorized under subdivision 2 to make an arrest for violations of subdivision 1 is immune from any liability, civil or criminal, for the care or custody of the motorboat being operated by or in the physical control of the person arrested if the officer acts in good faith and exercises due care.*

Sec. 3. [361.121] [MANDATORY TESTING.]

Subdivision 1. [CHEMICAL TESTING.] *A person who operates or is in physical control of a motorboat while underway or in use on the waters of this state is required, subject to the provisions of this section, to take or submit to a test of the person's blood, breath, or urine for the purpose of determining the presence and amount of alcohol or a controlled substance. The test shall be administered at the direction of an officer authorized to make arrests under section 361.12, subdivision 2. Taking or submitting to the test is mandatory when requested by an officer who has probable cause to believe the person was operating or in physical control of a motorboat in violation of section 361.12, subdivision 1, paragraph (a), and one of the following conditions exist:*

(1) *the person has been lawfully placed under arrest for violating section 361.12, subdivision 1, paragraph (a);*

(2) *the person has been involved in a motorboat accident resulting in property damage, personal injury, or death;*

(3) *the person has refused to take the preliminary screening test provided for in section 361.12, subdivision 3; or*

(4) *the screening test was administered and recorded an alcohol concentration of 0.10 or more.*

Subd. 2. [PENALTIES.] (a) *A person who refuses to take a test required under subdivision 1 is subject to a civil penalty not to exceed \$700 and, in addition, the person is prohibited from operating any motorboat on the waters of this state for a period of one year.*

(b) A person who operates a motorboat on the waters of this state during the period the person is prohibited from operating any motorboat as provided under paragraph (a) is guilty of a misdemeanor.

Subd. 3. [RIGHTS AND OBLIGATIONS.] At the time a test is requested, the person must be informed:

(1) that Minnesota law requires a person to take a test to determine if the person is under the influence of alcohol or a controlled substance;

(2) that a person is subject to a civil penalty not to exceed \$700 for refusing to take the test and, in addition, the person is prohibited from operating any motorboat, as provided under subdivision 2, for refusing to take the test;

(3) that if testing is refused it will not affect the person's motor vehicle driver's license;

(4) that if the test is taken and the results indicate that the person is under the influence of alcohol or a controlled substance, the person will be subject to criminal penalties and in addition to any other penalties the court may impose, the person's operating privileges will be suspended as provided under section 361.12, subdivision 6, paragraph (a);

(5) that, after submitting to testing, the person has the right to have additional tests made by a person of his own choosing; and

(6) that, if he refused to take a test, the refusal will be offered into evidence against him at trial.

Subd. 4. [REQUIREMENT OF URINE TEST.] Notwithstanding subdivision 1, if there are reasonable and probable grounds to believe there is impairment by a controlled substance which is not subject to testing by a blood or breath test, a urine test may be required even after a blood or breath test has been administered.

Subd. 5. [BREATH TEST USING AN INFRARED BREATH-TESTING INSTRUMENT.] In the case of a breath test administered using an infrared breath-testing instrument, the test shall consist of analyses in the following sequence: one adequate breath sample analysis, one calibration standard analysis, and a second, adequate breath sample analysis. In the case of a test administered using an infrared breath-testing instrument, a sample is adequate if the instrument analyzes the sample and does not indicate the sample is deficient. For purposes of this section, when a test is administered using an infrared breath-testing instrument, failure of a person to provide

two separate adequate breath samples in the proper sequence constitutes a refusal to take the test.

Subd. 6. [CONSENT OF PERSON INCAPABLE OF REFUSAL NOT WITHDRAWN.] A person who is unconscious or who is otherwise in a condition rendering the person incapable of refusal is deemed not to have withdrawn the consent provided by subdivision 1 and the test may be given.

Subd. 7. [MANNER OF MAKING TEST; ADDITIONAL TESTS.] Only a physician, medical technician, physician's trained mobile intensive care paramedic, registered nurse, medical technologist, or laboratory assistant acting at the request of a peace officer authorized to make arrests under section 361.12, subdivision 2, may withdraw blood for the purpose of determining the presence of alcohol or controlled substance. This limitation does not apply to the taking of a breath or urine sample. The person tested has the right to have a person of his own choosing administer a chemical test or tests in addition to any administered at the direction of a peace officer; provided, that the additional test sample on behalf of the person is obtained at the place where the person is in custody, after the test administered at the direction of a peace officer, and at no expense to the state. The failure or inability to obtain an additional test or tests by a person shall not preclude the admission in evidence of the test taken at the direction of a peace officer unless the additional test was prevented or denied by the peace officer. The physician, medical technician, physician's trained mobile intensive care paramedic, medical technologist, laboratory assistant, or registered nurse drawing blood at the request of a peace officer for the purpose of determining alcohol concentration shall in no manner be liable in any civil or criminal action except for negligence in drawing the blood. The person administering a breath test shall be fully trained in the administration of breath tests pursuant to training given by the commissioner of public safety.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective May 15, 1986, and apply to offenses committed on or after that date."

Delete the title and insert:

"A bill for an act relating to motorboat safety; strengthening prohibitions and penalties regarding operation of motorboat while under the influence of alcohol or a controlled substance; providing a penalty; amending Minnesota Statutes 1984, sections 361.02, subdivision 9; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361."

We request adoption of this report and repassage of the bill.

Senate Conferees: A. W. "BILL" DIESSNER, GENE MERRIAM and ALLAN H. SPEAR.

House Conferees: KATHLEEN A. BLATZ, DONALD L. FRERICHs and RANDY C. KELLY.

Blatz moved that the report of the Conference Committee on S. F. No. 31 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 31, A bill for an act relating to motorboat safety; requiring liability insurance on watercraft; strengthening prohibitions and penalties regarding operation of motorboat while under the influence of alcohol or a controlled substance; providing a penalty; amending Minnesota Statutes 1984, sections 361.02, subdivision 9; 361.03, by adding subdivisions; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 93 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kelly	Onnen	Skoglund
Beard	Erickson	Kiffmeyer	Otis	Stanius
Bennett	Fjoslien	Knickerbocker	Pappas	Staten
Bishop	Forsythe	Knuth	Pauly	Sviggum
Blatz	Frederick	Kostohryz	Peterson	Thorson
Boerboom	Frederickson	Krueger	Piper	Tjornhom
Boo	Frerichs	Levi	Poppenhagen	Tomlinson
Brandl	Greenfield	Lieder	Price	Tompkins
Brinkman	Gruenes	Long	Quist	Uphus
Brown	Gutknecht	McKasy	Rees	Valan
Burger	Halberg	Metzen	Rest	Valento
Carlson, J.	Hartinger	Miller	Rice	Vellenga
Carlson, L.	Hartle	Munger	Riveness	Voss
Clark	Haukoos	Murphy	Rodosovich	Waltman
Cohen	Heap	Nelson, D.	Schoenfeld	Welle
Dempsey	Himle	Nelson, K.	Schreiber	Wynia
DenOuden	Johnson	Norton	Segal	Spk. Jennings, D.
Dimler	Kahn	Olsen, S.	Shaver	
Dyke	Kalis	Omann	Simoneau	

Those who voted in the negative were:

Backlund	Begich	Jacobs	McPherson	O'Connor
Battaglia	Carlson, D.	Jennings, L.	Minne	Ogren
Becklin	Elioff	McEachern	Neuenschwander	Olson, E.

Osthoff
Quinn
Redalen

Sarna
Schafer
Scheid

Seaberg
Sherman
Solberg

Sparby
Thiede
Tunheim

Vanasek
Wenzel

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker :

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested :

H. F. No. 2263, A bill for an act relating to corporations; conforming to federal law; changing applicability of shareholder voting on control share acquisitions; providing for lesser relief than dissolution under certain circumstances; amending Minnesota Statutes 1984, section 302A.751, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 302A.449, subdivision 7; and 302A.671, subdivisions 1 and 3; repealing Laws 1985, First Special Session chapter 5, section 21.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Heap moved that the House concur in the Senate amendments to H. F. No. 2263 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2263, A bill for an act relating to corporations; regulating control share acquisitions; providing for solicitations of proxies and meetings of shareholders; amending Minnesota Statutes 1984, section 302A.751; Minnesota Statutes 1985 Supplement, sections 302A.449, subdivision 7; and 302A.671, subdivision 3 and Laws 1985, First Special Session, chapter 5, section 21.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 129 yeas and 0 nays as follows :

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1950, A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON 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.

March 15, 1986

The Honorable Jerome M. Hughes
President of the Senate

The Honorable David M. Jennings
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1950, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1950 be further amended as follows:

Delete everything after the enacting clause and insert:

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

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

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

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

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

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

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

(d) *made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.*

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

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

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

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

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

The county assessor shall refer any question regarding the eligibility for valuation and deferment under this section to the county attorney for advice and opinion under section 338.051, subdivision 1. Upon request of the county attorney, the taxpayer shall furnish information that the county attorney considers necessary in order to determine eligibility under this section.

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

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

Sec. 5. [EFFECTIVE DATE.]

Sections 1, 3, and 4 are effective for taxes levied in 1986, payable in 1987, and thereafter. The assessor of any taxing district

that contains property that has been valued under Minnesota Statutes, section 273.112, for taxes levied in 1985, payable in 1986, shall notify the owner of that property by May 1, 1986, regarding the requirements imposed by this act. Notwithstanding section 273.112, subdivision 6, in order to qualify for the valuation and tax deferment for the 1986 assessment, the taxpayer of the property operated by private clubs pursuant to subdivision 3, clause (c)(3), must submit an affidavit or other written verification to the assessor by October 1, 1986, stipulating that the bylaws or rules and regulations of the private club will meet the eligibility provisions of this act by December 31, 1986."

Amend the title as follows:

Page 1, line 5, delete "and" and insert a comma and after "4," insert "6,"

We request adoption of this report and repassage of the bill.

Senate Conferees: GENE MERRIAM, DEAN E. JOHNSON and RANDOLPH W. PETERSON.

House Conferees: DAVID T. BISHOP, KATHLEEN A. BLATZ and LINDA SCHEID.

Bishop moved that the report of the Conference Committee on S. F. No. 1950 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1950, A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 120 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Brinkman	Carlson, L.
Anderson, R.	Becklin	Blatz	Brown	Clark
Backlund	Begich	Boerboom	Burger	Clausnitzer
Battaglia	Bennett	Brandl	Carlson, J.	Cohen

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

Those who voted in the negative were:

Forsythe Zaffke

The bill was repassed, as amended by Conference, and its title agreed to.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2169

A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92.

March 15, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2169, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2169 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC CAMP GROUNDS.] (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public camp grounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions he or she prescribes, subject to the provisions of this section.

(b) A lease may not be made for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

- (1) method of appraising the property;
- (2) determination of lease rates; and
- (3) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund. *However, in fiscal years 1986, 1987, 1988, and 1989 up to 50 percent of the money received from the lease of permanent school fund lands that would otherwise be deposited into the permanent school trust fund may be used to survey lots as required in section 2, subdivision 3. Any money that is not needed to survey lots shall be deposited in the permanent school trust fund.*

Sec. 2. [92.67] [SALE PROCEDURE.]

Subdivision 1. [SALE REQUIREMENT.] Notwithstanding section 92.45, at the request of a lessee the commissioner of natural resources shall sell state property bordering public waters that is leased for the purpose of a private cabin under section 92.46 and recommended to be sold under the inventory prepared pursuant to Laws 1985, First Special Session chapter 14, article 17, section 4. Requests for sale must be made prior to July 1, 1991, and the commissioner shall complete all requested sales by July 1, 1992. The lessee making the request may designate the lesser of \$500 or the lease payment in the year the request is made to be used as part of the down payment. The sale shall be made in accordance with laws providing for the sale of trust fund land except as modified by the provisions of this section.

Subd. 2. [APPRAISAL.] An appraisal shall be made in accordance with section 92.12, except as modified by this section. The improvements that are owned by the lessee shall be appraised separately.

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

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

(c) The commissioner shall survey a lot prior to offering it for sale. The commissioner is responsible for the survey cost.

(d) The lessee may stop the sale process after the appraisal but before the sale. The lessee must reimburse the commissioner for the cost of the appraisal if the sale is stopped.

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

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

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

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

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

Subd. 5. [TERMS OF SALE.] For the sale of the public lands under this section, the purchaser shall pay the state ten percent of the purchase price at the time of the sale. The balance must be paid in no more than 20 equal annual installments. The interest rate on the remaining balance shall be eight percent per year.

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

Sec. 3. [92.68] [MISCELLANEOUS.]

Subdivision 1. [SHORELINE INCLUDED.] Notwithstanding section 92.45, the shoreline of leased sites sold under section 2 is not reserved for public travel.

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

Subd. 3. [ROAD ACCESS.] Rights of access across state property to the lots offered for sale that are in existence at the time of sale, and not included in the sale, may not be terminated by the commissioner without the consent of the purchasers of the lots or their successors in interest. The commissioner may impose a fee for the access rights in the same manner as for other similar accesses except that the commissioner may not impose a fee for access rights where no fee is now being charged.

Sec. 4. [92.69] [ENDOWMENT ACCOUNT.]

Subdivision 1. [PROCEEDS OF LAND ACQUISITION ACCOUNT.] To ensure educational opportunities provided by Minnesota scientific and natural areas as described in section 86A.05, subdivision 5, are adequately available for present and future generations, the proceeds received under sections 1 to 3 that are credited to the land acquisition account under section 94.165 must be spent on scientific and natural areas.

Subd. 2. [ACCOUNT.] (a) A natural areas legacy endowment account is established in the state treasury. The commissioner of natural resources shall accept private contributions for educational opportunities provided by scientific and natural areas and deposit the contributions in the account. The principal deposited in the account shall be retained in the endowment account.

(b) The interest from the principal may be spent by the commissioner of natural resources for the protection, management, and inventory of lands with rare and endangered species or undisturbed plant communities that qualify as state scientific and natural areas under section 86A.05, subdivision 5.

Sec. 5. [WINONA COUNTY LAND SALE.]

Subdivision 1. [AUTHORITY.] Notwithstanding any contrary provision of Minnesota Statutes, section 373.01 or other law, Winona county may sell and convey the real estate described in this section for a nominal consideration to a county agricultural society that owns adjoining property and conducts a county fair on it.

Subd. 2. [DESCRIPTION.] That part of the South Half of the Northwest Quarter and the North Half of the Southwest Quarter, of Section 19, Township 106 North, Range 10 West of the Fifth Principal Meridian, bounded and described as follows: Commencing at a point on the West line of Lot 65 in Ives and Fox's Addition to St. Charles, distant 200 feet Northeasterly, measured at right angles, from the center line of the main track of the Winona and South Western Railway Company (later the Wisconsin Minnesota and Pacific Rail Road Company, the Chicago Great Western Railway Company, now the Chicago and North Western Transportation Company), as said main track center line was originally located and established across said Section 19; thence Northwesterly parallel with said original main track center line a distance of 550 feet to the point of beginning of the parcel of land herein described; thence continuing Northwesterly parallel with said original main track center line to a point on the East and West Quarter line of said Section 19; thence Northwesterly along a straight line to a point of tangency with a line parallel with and distant 50 feet Northerly, measured radially, from said original main track center line; thence Westerly parallel with said original main track center line to a point distant 50 feet Northeasterly, measured radially, from the center

line of the main track of the Chicago and North Western Transportation Company (formerly the Winona and St. Peter Railroad Company), as said main track is now located; thence Southeast-erly parallel with said last described main track center line to a point distant 10 feet Northerly, measured radially, from the center line of the most Northerly side track of said Transportation Company, as said side track is now located; thence Easterly parallel with said side track center line to a point on a line drawn at right angles to said original (Winona and South Western Railway Company) main track center line through the point of beginning; thence Northwesterly along said last described right angle line to the point of beginning.

Sec. 6. [REPEALER.]

Sections 2 and 3 of this act are repealed on July 1, 1992.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 4 and 6 are effective the day following final enactment. Section 5 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Winona county."

Delete the title and insert:

"A bill for an act relating to public lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; amending Minnesota Statutes 1985 Supplement, section 92.46, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 92."

We request adoption of this report and repassage of the bill.

House Conferees: LONA A. MINNE, PAUL M. THIEDE and SALLY OLSEN.

Senate Conferees: RONALD R. DICKLICH, GENE MERRIAM and JAMES C. PEHLER.

Minne moved that the report of the Conference Committee on H. F. No. 2169 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2169, A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricul-

tural society; proposing coding for new law in Minnesota Statutes, chapter 92.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 117 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Kahn	Osthoff	Skoglund	Staten	Voss
Munger				

The bill was repassed, as amended by Conference, and its title agreed to.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2010:

Shaver, Quinn and Fjoslien.

There being no objection the House recessed subject to the call of the Chair.

RECESS

RECONVENED

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

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Levi, from the Committee on Rules and Legislative Administration, pursuant to Rule 1.9, designated the following bills as Special Orders to be acted upon immediately preceding Special Orders pending for Monday, March 17, 1986:

S. F. Nos. 1641, 1648, 1974, 1965, 1930, 1980, 2014, 1735, 1897, 2233, 1909, 1961, 1931, 2078, 1774, 1698, 2186, 1879, 1808 and 1733; H. F. No. 2190; S. F. Nos. 1945, 1707, 1801 and 1734; H. F. No. 2472; S. F. Nos. 1884, 1963, 1852 and 2054.

SPECIAL ORDERS

S. F. No. 1641 was reported to the House.

MOTION FOR RECONSIDERATION

Frerichs moved that the vote whereby the Frerichs amendment to S. F. No. 1641, the unofficial engrossment, as amended, adopted earlier today be now reconsidered. The motion prevailed.

Frerichs withdrew his amendment to S. F. No. 1641, the unofficial engrossment.

Stanius offered an amendment to S. F. No. 1641, the unofficial engrossment.

POINT OF ORDER

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

S. F. No. 1641, A bill for an act relating to motor vehicles; establishing a system of registration of fleet vehicles; amending Minnesota Statutes 1984, section 168.011, by adding a subdivi-

sion; proposing coding for new law in Minnesota Statutes, chapter 168.

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

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

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

There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1648 was reported to the House.

Carlson, D., moved to amend S. F. No. 1648, as follows:

Page 1, after line 8, insert:

"Section 1. [CONSTITUTIONAL AMENDMENT PROPOSED.]

An amendment to the Minnesota Constitution, adding a section to article I, is proposed to the people of the state. If the amendment is adopted, the section will read:

Sec. 18. The right of a citizen to keep and bear arms for the defense and security of the person, family, or home, or for lawful hunting, recreation, or marksmanship training shall not be abridged.

Sec. 2. [SUBMISSION TO VOTERS.]

The amendment shall be submitted at the 1986 general election. The following question shall be proposed:

"Shall the Minnesota Constitution be amended to provide that the right of a citizen to keep and bear arms for the defense and security of the person, family, or home, or for lawful hunting, recreation, or marksmanship training shall not be abridged?"

Yes

No " "

Page 2, after line 25, insert:

"Sec. 5. [APPROPRIATION.]

\$12,000 is appropriated from the general fund to the secretary of state for purposes of placing the proposed question in section 2 on the ballot at the 1986 general election."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "proposing an amendment to the Minnesota Constitution, article I, adding a section to provide that the right to keep and bear arms shall not be abridged; appropriating money;"

A roll call was requested and properly seconded.

POINT OF ORDER

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

POINT OF ORDER

Wynia raised a point of order pursuant to rule 5.10 that the Carlson, D., amendment was not in order. The Speaker pro

tempore Halberg ruled the point of order not well taken and the Carlson, D., amendment in order.

The question recurred on the Carlson, D., amendment and the roll was called.

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

There were 108 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Osthoff	Sherman
Anderson, R.	Ellingson	Krueger	Ozment	Solberg
Backlund	Erickson	Kvam	Pauly	Sparby
Battaglia	Fjoslien	Levi	Peterson	Stenius
Beard	Frederick	Lieder	Piepho	Sviggum
Becklin	Frederickson	Marsh	Poppenhagen	Thiede
Begich	Frerichs	McDonald	Quinn	Thorson
Bennett	Gruenes	McEachern	Quist	Tjornhom
Bishop	Gutknecht	McKasy	Redalen	Tompkins
Blatz	Halberg	McPherson	Rees	Tunheim
Boo	Hartinger	Metzen	Rest	Uphus
Brinkman	Hartle	Miller	Richter	Valan
Brown	Haukoos	Minne	Riveness	Valento
Burger	Heap	Murphy	Rodosovich	Vanasek
Carlson, D.	Himle	Nelson, D.	Rose	Voss
Carlson, J.	Jacobs	Neuenschwander	Sarna	Waltman
Carlson, L.	Jennings, L.	O'Connor	Schafer	Welle
Clausnitzer	Johnson	Ogren	Scheid	Wenzel
Dempsey	Kalis	Olsen, S.	Schoenfeld	Zaffke
DenOuden	Kelly	Olson, E.	Schreiber	Spk. Jennings, D.
Dimler	Kiffmeyer	Omann	Seaberg	
Dyke	Knickerbocker	Onnen	Shaver	

Those who voted in the negative were:

Brandl	Kahn	Nelson, K.	Piper	Staten
Clark	Long	Norton	Segal	Tomlinson
Cohen	McLaughlin	Otis	Simoneau	Vellenga
Greenfield	Munger	Pappas	Skoglund	Wynia
Jaros				

The motion prevailed and the amendment was adopted.

Jacobs offered an amendment to S. F. No. 1648, as amended.

Levi requested a division of the Jacobs amendment to S. F. No. 1648, as amended.

POINT OF ORDER

Levi raised a point of order pursuant to rule 3.9 that the entire Jacobs amendment was not in order. The Speaker pro

tempore Halberg ruled the point of order well taken and the amendment out of order.

Ogren appealed the decision of the Chair.

A roll call was requested and properly seconded.

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

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

There were 70 yeas and 60 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

Sparby moved to amend S. F. No. 1648, as amended, as follows:

Page 1, after line 8, insert:

"Sec. 3. Minnesota Statutes 1984, section 100.29, subdivision 5, is amended to read:

Subd. 5. Except as permitted by section 98.48, subdivision 10, it is unlawful to take any wild animal by discharging any firearm or bow and arrow from a motor vehicle or airplane or snowmobile. Except for a pistol or revolver carried in compliance with sections 624.714 and 624.715, it is unlawful to transport any firearm, including a muzzle loading firearm, in a motor vehicle or airplane or snowmobile, unless ((1)) the firearm is unloaded in both barrels and magazine (AND CONTAINED IN A GUN CASE EXPRESSLY MADE FOR THAT PURPOSE WHICH IS FULLY ENCLOSED BY BEING ZIPPED, SNAPPED, BUCKLED, TIED, OR OTHERWISE FASTENED, WITH NO PORTION OF THE FIREARM EXPOSED, OR (2) THE FIREARM IS UNLOADED AND IN THE TRUNK OF A CAR WITH THE TRUNK DOOR CLOSED). *In municipalities greater than 12,000 population, a firearm transported in a motor vehicle also must be contained in a gun case expressly made for that purpose, or in the vehicle's trunk with the trunk door closed.* It is also (UNLAWFUL) lawful to transport a bow and arrow in a motor vehicle, airplane, or snowmobile (UNLESS (1) UNSTRUNG, (2) COMPLETELY CONTAINED IN A CASE, OR (3) CONTAINED IN THE TRUNK OF THE CAR WITH THE TRUNK DOOR CLOSED) *if it is strung in the state of Minnesota and its municipalities of 12,000 population or less.* A muzzle loading firearm with a flintlock ignition is fully unloaded if it has no priming powder in any pan and a muzzle loading firearm with percussion ignition is fully unloaded if it has no percussion cap on any nipple. Subject to the requirements of subdivision 17, migratory waterfowl may be taken from a floating craft including those propelled by motor, sail and wind, or both, if the motor is shut off and the sails are furled, the progress of the craft caused by such propulsion has ceased, and the craft is drifting, beached, moored, resting at anchor, or is being propelled by paddle, oars, or pole."

Renumber the sections accordingly

Amend the title accordingly

A roll call was requested and properly seconded.

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

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

There were 93 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Anderson, R.
Backlund
Battaglia

Beard
Becklin
Begich

Bishop
Blatz
Boerboom

Boo
Brinkman
Brown

Burger
Carlson, D.
Carlson, J.

Carlson, L.	Hartle	Metzen	Piepho	Solberg
Clausnitzer	Heap	Miller	Poppenhagen	Sparby
Dempsey	Himle	Minne	Price	Sviggunn
DenOuden	Jacobs	Murphy	Quinn	Thiede
Dimler	Johnson	Nelson, D.	Quist	Thorson
Dyke	Kalis	Neuenschwander	Redalen	Tjornhom
Elioff	Kiffmeyer	Norton	Rees	Tompkins
Erickson	Knickerbocker	O'Connor	Rest	Tunheim
Fjoslien	Krueger	Ogren	Richter	Uphus
Forsythe	Kvam	Olsen, S.	Riveness	Voss
Frederick	Levi	Olson, E.	Rodosovich	Waltman
Frederickson	Lieder	Omann	Sarna	Welle
Frerichs	Marsh	Onnen	Schafer	Wenzel
Gutknecht	McEachern	Ozment	Seaberg	Zaffke
Halberg	McKasy	Pauly	Shaver	
Hartinger	McPherson	Peterson	Sherman	

Those who voted in the negative were:

Anderson, G.	Haukoos	Long	Piper	Stanius
Bennett	Jaros	McLaughlin	Rice	Staten
Brandl	Jennings, L.	Munger	Rose	Tomlinson
Clark	Kahn	Nelson, K.	Scheid	Valento
Cohen	Kelly	Osthoff	Segal	Vanasek
Ellingson	Knuth	Otis	Simoneau	Vellenga
Greenfield	Kostohryz	Pappas	Skoglund	Wynia
Gruenes				

The motion prevailed and the amendment was adopted.

S. F. No. 1648, A bill for an act relating to firearms; permitting certain licensed dealers and manufacturers to own or possess machine guns and short-barreled shotguns for certain purposes; amending Minnesota Statutes 1984, section 609.67, subdivisions 3 and 4.

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 103 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Clausnitzer	Forsythe	Haukoos
Anderson, R.	Boerboom	Dempsey	Frederick	Heap
Backlund	Boo	DenOuden	Frederickson	Himle
Battaglia	Brinkman	Dimler	Frerichs	Jacobs
Beard	Brown	Dyke	Gruenes	Jennings, L.
Becklin	Burger	Elioff	Gutknecht	Johnson
Begich	Carlson, D.	Ellingson	Halberg	Kalis
Bennett	Carlson, J.	Erickson	Hartinger	Kiffmeyer
Bishop	Carlson, L.	Fjoslien	Hartle	Knickerbocker

Krueger	Nelson, D.	Price	Schoenfeld	Tunheim
Kvam	Neuenschwander	Quinn	Schreiber	Uphus
Levi	O'Connor	Quist	Shaver	Valan
Lieder	Ogren	Redalen	Sherman	Valento
Marsh	Olsen, S.	Rees	Solberg	Vanasek
McEachern	Olson, E.	Rest	Sparby	Voss
McKasy	Omann	Richter	Stanis	Waltman
McPherson	Onnen	Riveness	Swiggum	Welle
Metzen	Osthoff	Rodosovich	Thiede	Wenzel
Miller	Ozment	Sarna	Thorson	Zaffke
Minne	Pauly	Schafer	Tjornhom	
Murphy	Piepho	Scheid	Tompkins	

Those who voted in the negative were:

Brandl	Knuth	Nelson, K.	Piper	Skoglund
Clark	Kostohryz	Norton	Rice	Staten
Cohen	Long	Otis	Rose	Tomlinson
Greenfield	McLaughlin	Pappas	Segal	Vellenga
Jaros	Munger	Peterson	Simoneau	Wynia
Kahn				

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

S. F. No. 1974 was reported to the House.

Bishop moved to amend S. F. No. 1974, as follows:

Page 1, after line 14, insert:

"Section 1. Minnesota Statutes 1984, section 501.125, subdivision 1, is amended to read:

Subdivision 1. [GENERAL PROPERTIES AND INVESTMENTS.] (a) In acquiring, investing, reinvesting, exchanging and managing property, a trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, bonds, debentures and other individual or corporate obligations, *mutual funds*, and corporate stocks (, WHICH AN ORDINARILY PRUDENT PERSON OF DISCRETION AND INTELLIGENCE, WHO IS A TRUSTEE OF THE PROPERTY OF OTHERS, WOULD ACQUIRE AS SUCH TRUSTEE). A trustee, in determining the prudence of a particular investment, shall consider the role that the proposed investment or investment course of action plays within the overall portfolio of assets. In applying the total asset management approach, a trustee shall exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds. If the trustee has special skills or expertise or if the trustee holds itself out as having special skills or expertise, the trustee is under a duty to use those skills or expertise.

(b) *Except as may be provided to the contrary in the instrument, the following are among the factors that should be considered by a trustee in applying the total asset management approach:*

(1) *the probable income as well as the probable safety of the capital;*

(2) *marketability of investments;*

(3) *length of the term of investments;*

(4) *duration of the trust;*

(5) *liquidity needs;*

(6) *requirements of the beneficiary or beneficiaries;*

(7) *other assets of the beneficiary or beneficiaries, including earning capacity; and*

(8) *effect of investments in increasing or diminishing liability for taxes.*

Sec. 2. Minnesota Statutes 1984, section 501.125, is amended by adding a subdivision to read:

Subd. 1a. [INVESTMENT IN CERTAIN GROWTH ENTERPRISES.] Subject to the standards of subdivision 1, a trustee is authorized to invest in new, unproven, untried, or other enterprises with a potential for significant growth whether producing a current return, either by investing directly or by investing as a limited partner or otherwise in one or more commingled funds which in turn invest primarily in those enterprises. The aggregate amount of investments held by a trustee under the authority of this subdivision valued at cost may not exceed ten percent of the net fair market value of the trust corpus, including investments made under the authority of this section valued at fair market value, immediately after the investment is made. Any investment that would have been authorized by this subdivision if it had been in effect at the time the investment was made is authorized by this subdivision.

Sec. 3. Minnesota Statutes 1985 Supplement, section 501.125, subdivision 6, is amended to read:

Subd. 6. [INVESTMENT COMPANIES.] (a) In the absence of an express prohibition in the trust instrument, (WHENEVER THE INSTRUMENT DIRECTS, REQUIRES, AUTHORIZES, OR PERMITS INVESTMENT IN OBLIGATIONS OF THE UNITED STATES OR OBLIGATIONS,

THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON WHICH IS UNCONDITIONALLY GUARANTEED BY THE UNITED STATES,) the trustee may (INVEST IN AND HOLD THOSE OBLIGATIONS EITHER DIRECTLY OR IN THE FORM OF SECURITIES OF, OR OTHER INTERESTS IN, AN) *acquire and retain securities of any open-end or closed-end management type investment company ((1)) or investment trust registered under the Federal Investment Company Act of 1940 (, WHOSE SHARES ARE REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AND (2) WHOSE INVESTMENTS ARE LIMITED TO THESE OBLIGATIONS AND REPURCHASE AGREEMENTS FULLY COLLATERALIZED BY THESE OBLIGATIONS, IF THE REPURCHASE AGREEMENTS ARE ENTERED INTO ONLY WITH THOSE PRIMARY REPORTING DEALERS THAT REPORT TO THE FEDERAL RESERVE BANK OF NEW YORK AND WITH THE 100 LARGEST UNITED STATES COMMERCIAL BANKS).*

(b) Nothing in this subdivision shall be construed to alter the degree of care and judgment required of trustees by subdivision 1.

Sec. 4. Minnesota Statutes 1984, section 501.66, is amended by adding a subdivision to read:

Subd. 6a. The trustee may invest and reinvest trust assets in new, unproven, untried, or other enterprises with a potential for significant growth whether producing a current return, either by investing directly or by investing as a limited partner or otherwise in one or more commingled funds which in turn invest primarily in those enterprises; provided that the aggregate amount of investments held by a trustee under the authority of this subdivision valued at cost may not exceed ten percent of the net fair market value of the trust corpus, including investments made under the authority of this section valued at fair market value, immediately after the investment is made.

Sec. 5. Minnesota Statutes 1984, section 501.66, subdivision 28, is amended to read:

Subd. 28. The trustee may employ attorneys, accountants, investment advisors, agents or other persons, even if they are associated with the trustee, to advise or assist the trustee in the performance of his duties; to act without independent investigation upon their recommendations; and instead of acting personally, to employ one or more agents to perform any act of administration, whether or not discretionary; *except that:*

(1) *the trustee may not delegate all of the trustee's duties; and*

(2) the employment does not relieve the trustee of liability for the discretionary acts of a person, which if done by the trustee, would result in liability to the trustee, or of the duty to select and retain a person with reasonable care."

Renumber the remaining sections

Page 5, line 1, delete everything after "excluding"

Page 5, delete lines 2 and 3 and insert: "*(1) insurance required by a judgment and decree or court order; (2) credit life insurance; (3) insurance required by the terms of a contract; (4) insurance obtained for the purpose of discharging any other liability, contingent or fixed, to the extent the proceeds are used to discharge the liability; or (5) insurance obtained for a bona fide business purpose;*"

Page 12, after line 31, insert:

"Sec. 14. [SCOPE OF APPLICATION.]

(a) Nothing in sections 1 to 5 invalidates:

(1) any instrument or property relationship that is executed and irrevocable as of the effective date of sections 1 to 5; or

(2) any action commenced prior to the effective date of sections 1 to 5, provided that the instrument, property relationship, or action otherwise complies with the provisions of Minnesota Statutes, chapter 501, in effect when the action was commenced.

(b) Sections 1 to 5 apply to all instruments, property relationships, and proceedings existing on or after the effective date of sections 1 to 5."

Renumber the remaining section

Page 12, line 33, delete "This act is" and insert "Sections 2 and 4 are effective July 1, 1987. Sections 6 to 13 are"

Page 12, line 34, after the period insert: "*Notwithstanding the order of their enactment, sections 1 to 5 take precedence over any other bill enacted at the 1986 regular session which amends Minnesota Statutes 1984, sections 501.125, subdivisions 1 or 6 or by adding a subdivision 1a; 501.66, subdivision 28 or by adding a subdivision 6a, or Minnesota Statutes 1985 Supplement, section 501.125, subdivision 6.*"

Amend the title as follows:

Page 1, line 2, after the semi-colon insert "providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees;"

Page 1, line 8, after "sections" insert "501.125, subdivision 1, and by adding a subdivision; 501.66, subdivision 28 and by adding a subdivision;"

Page 1, line 10, after "sections" insert "501.125, subdivision 6;"

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

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 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 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Backlund	Clausnitzer	Gruenes	Knickerbocker	Minne
Battaglia	Cohen	Gutknecht	Knuth	Munger
Beard	Dempsey	Halberg	Kostohryz	Murphy
Becklin	DenOuden	Hartinger	Krueger	Nelson, D.
Begich	Dimler	Hartle	Kvam	Nelson, K.
Bennett	Dyke	Haukoos	Levi	Neuenschwander
Bishop	Elioff	Heap	Lieder	Norton
Blatz	Ellingson	Himle	Long	O'Connor
Boo	Erickson	Jacobs	Marsh	Ogren
Brinkman	Fjoslien	Jaros	McDonald	Olsen, S.
Brown	Forsythe	Jennings, L.	McEachern	Omann
Burger	Frederick	Johnson	McLaughlin	Osthoft
Carlson, D.	Frederickson	Kahn	McPherson	Otis
Carlson, L.	Frerichs	Kalis	Metzen	Ozment
Clark	Greenfield	Kiffmeyer	Miller	Pauly

Peterson	Rice	Seaberg	Sviggum	Valento
Piepho	Richter	Segal	Thiede	Vanasek
Piper	Riveness	Shaver	Thorson	Vellenga
Poppenhagen	Rodosovich	Sherman	Tjornhom	Voss
Price	Rose	Simoneau	Tomlinson	Waltman
Quist	Sarna	Skoglund	Tompkins	Wenzel
Redalen	Schafer	Solberg	Tunheim	Wynia
Rees	Scheid	Sparby	Uphus	Zafke
Rest	Schreiber	Stanis	Valan	Spk. Jennings, D.

Those who voted in the negative were:

Staten

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

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2169, A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

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. 2010, A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain trans-

fers; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

The Senate has appointed as such Committee Mr. Merriam; Ms. Peterson, D. C., and Mr. Ramstad.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 229, A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Dempsey moved that the House refuse to concur in the Senate amendments to H. F. No. 229, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1035, A bill for an act relating to frauds; fixing conditions for the legal determination of fraud in property transfers; enacting the uniform fraudulent transfer act; proposing coding for new law in Minnesota Statutes, chapter 513; repealing Minnesota Statutes 1984, sections 513.20; 513.21; 513.22; 513.23; 513.24; 513.25; 513.26; 513.27; 513.28; 513.29; 513.30; 513.31; and 513.32.

PATRICK E. FLAHAVEN, Secretary of the Senate

Dempsey moved that the House refuse to concur in the Senate amendments to H. F. No. 1035, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. No. 1949, A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Merriam, Bernhagen 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

Carlson, D., 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. 1949. The motion prevailed.

Mr. Speaker:

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

S. F. No. 1993, 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, sub-

division 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; 609.3471; 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.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Mr. Jude, Ms. Reichgott and Mr. Knaak.

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. 1993. The motion prevailed.

Mr. Speaker:

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

S. F. No. 985, A bill for an act relating to administrative procedure; clarifying provisions relating to emergency rules; defining order and rule; limiting certain agency actions; requiring an order to be rendered in accordance with the contested case procedures of the administrative procedure act; amending Minnesota Statutes 1984, sections 14.02, by adding a subdivision; 14.29, subdivisions 1 and 2; and 14.57; Minnesota Statutes 1985 Supplement, section 14.02, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 14.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Merriam; Moe, D. M., and Benson.

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

Knickerbocker 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. 985. The motion prevailed.

SPECIAL ORDERS

S. F. No. 1965 was reported to the House.

Svigum moved to amend S. F. No. 1965, as follows:

Page 6, after line 11, insert:

"Sec. 5. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

The motion prevailed and the amendment was adopted.

Kvam offered an amendment to S. F. No. 1965, as amended.

POINT OF ORDER

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

S. F. No. 1965, A bill for an act relating to human services; revising the community social services act; clarifying allocation of funds; expanding responsibilities of county boards; requiring the county boards to publish biennial plans relating to community social services; amending Minnesota Statutes 1984, sections 256E.05, subdivision 3; 256E.06, subdivision 2; 256E.09, subdivision 1; and Minnesota Statutes 1985 Supplement, section 256E.08, subdivision 1.

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

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

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

There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 1930, A bill for an act relating to real estate; providing for cancellation of real estate contract depending upon when contract was executed; providing for determination of purchase price; appropriating money; amending Minnesota Statutes 1984, section 559.21, by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 559.21, subdivisions 2a, 3, 4, and 6.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1980 was reported to the House.

Boo, Brandl and Stanius moved to amend S. F. No. 1980, as follows:

Page 2, after line 34, insert:

"Sec. 4. Minnesota Statutes 1984, section 252.32, is amended to read:

252.32 [FAMILY SUBSIDY PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHED; APPLICATION.] (WITHIN THE LIMITS OF APPROPRIATIONS, THE COMMISSIONER OF HUMAN SERVICES MAY PROVIDE SUBSIDIES TO FAMILIES WITH MENTALLY RETARDED CHILDREN IN ORDER TO ENABLE THOSE FAMILIES TO CONTINUE CARING FOR THE CHILDREN IN THEIR OWN HOMES. THE COMMISSIONER MAY ESTABLISH CRITERIA FOR DETERMINING ELIGIBILITY FOR A SUBSIDY AND SUBSIDY AMOUNTS AND CONDITIONS FOR USE OF SUBSIDIES) The commissioner of human services shall establish a program to provide subsidies to families to enable them to care for their dependents with handicaps in their own home. This program must be limited to families whose dependents are under the age of 22 and who are mentally

retarded or who have a related condition and otherwise would require or be eligible for placement in a licensed residential facility as set forth in section 245.782, subdivision 6.

Applications for the subsidy shall be made by the county social service agency to the department of human services. The application shall specify the needs of the family and how the subsidy will be used.

Subd. 2. [INDIVIDUAL SERVICE PLAN.] *An individual service plan for the dependent shall be developed by the county social service agency and agreed upon by the parents. A transitional plan shall be developed for the dependent when the dependent turns age 17 in order to assure an orderly transition to other services when the family terminates services from this program and to assure that an application is made for supplemental security income and other benefits.*

Subd. 3. [SUBSIDY AMOUNT; USE.] *Subsidy amounts shall be determined by the commissioner of human services. The subsidy may be used to cover the costs of special equipment, special clothing or diets, related transportation, therapy, medications, respite care, medical care, diagnostic assessments, modifications to the home and vehicle, and other services or items that assist the family and dependent. The maximum monthly amount shall be \$250. The commissioner may consider the child's supplemental security income in determining the amount of the subsidy. A variance may be granted by the commissioner to exceed \$250 for emergency circumstances in cases where exceptional resources of the family are required to meet the health, welfare-safety needs of the child, for a period not to exceed 90 days per fiscal year. The commissioner may set aside one percent of the appropriation to fund emergency situations.*

Subd. 4. [RULEMAKING.] *The commissioner shall amend permanent rules to govern subsidy applications, criteria for approval, and other areas necessary to implement this program.*

Sec. 5. [REPEALER.]

Minnesota Statutes 1984, section 252.27, subdivision 4, is repealed."

Amend the title as follows:

Page 1, line 4, after the semicolon insert "establishing a family subsidy program for families with children with developmental disabilities;"

Page 1, line 5, delete "section" and insert "sections 252.32 and"

Page 1, line 6, before the period insert “; repealing Minnesota Statutes 1984, section 252.27, subdivision 4”

The motion prevailed and the amendment was adopted.

S. F. No. 1980, A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

The bill was read for the 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 2014 was reported to the House.

Rose moved that S. F. No. 2014 be continued on Special Orders. The motion prevailed.

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1991, A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; and 473.303, subdivisions 2 and 4a; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Stanislaus moved that the House refuse to concur in the Senate amendments to H. F. No. 1991, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

The following conference committee reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1930

A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1930, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1930 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [84.0285] [GAME AND FISH CITATION QUOTAS PROHIBITED.]

The commissioner of natural resources, or the director of the division of enforcement and field service, shall not order, mandate, require, or suggest to a conservation officer that the conservation officer issue a certain number of game and fish law violations on a daily, weekly, monthly, quarterly, or yearly quota basis.

Sec. 2. [299D.08] [TRAFFIC CITATION QUOTAS PROHIBITED.]

The state patrol shall not order, mandate, require, or suggest to a patrol trooper that the patrol trooper issue a certain number of traffic citations on a daily, weekly, monthly, quarterly, or yearly quota basis."

Delete the title and insert:

"A bill for an act relating to law enforcement; barring traffic citation quotas; barring game and fish citation quotas; proposing coding for new law in Minnesota Statutes, chapters 84 and 299D."

We request adoption of this report and repassage of the bill.

House Conferees: DOUGLAS W. CARLSON, BOB NEUENSCHWANDER and VIRGIL J. JOHNSON.

Senate Conferees: GLEN TAYLOR, JOE BERTRAM, SR., and ROGER D. MOE.

Carlson, D., moved that the report of the Conference Committee on H. F. No. 1930 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1930, A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 116 yeas and 10 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Brandl	Kelly	Nelson, K.	Skoglund	Vellenga
Kahn	Nelson, D.	Pappas	Staten	Wynia

The bill was repassed, as amended by Conference, and its title agreed to.

Tomlinson moved that the rules be so far suspended that the Conference Committee report on H. F. No. 1815 be now considered.

A roll call was requested and properly seconded.

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

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

There were 65 yeas and 63 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

The motion did not prevail.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1744

A bill for an act relating to education; making changes to the definition of a school; providing for the admission into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1744, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1744 be further amended as follows:

Delete everything after the enacting clause and insert:

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

Subd. 2. [SCHOOL.] A school, to satisfy the requirements of compulsory attendance, must be one: (1) in which all the common branches are taught in the English language, from textbooks written in the English language, and (TAUGHT BY TEACHERS WHOSE QUALIFICATIONS ARE ESSENTIALLY EQUIVALENT TO THE MINIMUM STANDARDS FOR PUBLIC SCHOOL TEACHERS OF THE SAME GRADES OR SUBJECTS AND) (2) which is in session each school year for at least 175 days or their equivalent (; PROVIDED THAT). In a program of instruction for children of limited English proficiency, instruction and textbooks may be in the primary language of the children of limited English proficiency enrolled therein. Any other language may be taught as provided in section 126.07. As used in this subdivision, the terms "children of limited English proficiency" and "primary language" shall have the meanings ascribed to them in section 126.262.

Sec. 2. Minnesota Statutes 1984, section 120.10, is amended by adding a subdivision to read:

Subd. 2a. [REPORTS ABOUT INSTRUCTION IN A HOME.] If a parent of a child required to attend school, according to subdivision 1, is providing for instruction of the child primarily in a home, the parent shall report by October 1 each year the name, address, and age of the child to the superintendent of the district in which the child resides. The parent shall not be required to report other information to the superintendent.

Sec. 3. Minnesota Statutes 1984, section 120.10, is amended by adding a subdivision to read:

Subd. 2b. [PROTECTION FOR INSTRUCTION IN A HOME.] A parent of a child required to attend school, according to subdivision 1, may provide for instruction of the child in a home if the instruction meets the requirements of subdivision 2. Civil or criminal proceedings shall not be commenced under sections 120.10, 120.12, 127.20, chapter 260, or similar law against a parent complying with this subdivision as a result of providing for instruction in a home.

Sec. 4. [COMPULSORY SCHOOL ATTENDANCE TASK FORCE.]

By June 1, 1986, the commissioner of education shall appoint a task force of 12 members to make recommendations about com-

pulsory attendance laws. At least one member shall be from each congressional district. The task force shall be composed of the following: a parent of a private school pupil, a parent of a public school pupil, a home educator, a representative of private sectarian schools, a representative of private nonsectarian schools, a public school teacher, a public school administrator, a representative of a private school accrediting association, a representative of the home educators association, a representative of the state board of education, a representative of the board of teaching, and the commissioner of education. Members of the task force shall receive expenses according to Minnesota Statutes, section 15.059, subdivision 6.

The task force shall study and make recommendations about various issues related to the compulsory attendance law. Some of the issues to be considered are: standards for pupil performance, including satisfactory performance on standardized achievement tests; to the extent available, data about pupil achievement in various types of schools; alternative ways to comply with the definition of a school; accreditation; correspondence programs; association with a church or religious organization; supervision by teachers; teacher qualifications in various types of schools, including licensure and ways to determine teacher effectiveness; reporting requirements; methods of enforcement; and penalties for noncompliance.

The department of education shall provide staff assistance to the task force.

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

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

Sec. 5. [REPEALER.]

Sections 2, 3, and 4 are repealed June 30, 1988.

Sec. 6. [EFFECTIVE DATE.]

Sections 1, 3, and 4 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; making technical changes to the definition of a school; providing for limited reporting by a parent providing instruction in a home; prohibiting certain proceedings against a parent providing instruction in a home; establishing a task force to make recommendations about

compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2, and by adding subdivisions."

We request adoption of this report and repassage of the bill.

House Conferees: ALLEN J. QUIST, RALPH R. KIFFMEYER and WENDELL O. ERICKSON.

Senate Conferees: JAMES C. PEHLER and RANDOLPH W. PETERSON.

Quist moved that the report of the Conference Committee on H. F. No. 1744 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1744, A bill for an act relating to education; making changes to the definition of a school; providing for the admission into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 102 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Ellingson	Kvam	Pauly	Simoneau
Backlund	Erickson	Levi	Peterson	Solberg
Battaglia	Fjoslien	Lieder	Piepho	Stanius
Beard	Forsythe	Marsh	Poppenhagen	Sviggum
Becklin	Frederick	McDonald	Price	Thiede
Begich	Frederickson	McEachern	Quinn	Thorson
Bennett	Gruenes	McKasy	Quist	Tjornhom
Bishop	Gutknecht	McLaughlin	Redalen	Tompkins
Blatz	Halberg	McPherson	Rees	Tunheim
Boo	Hartinger	Metzen	Rest	Uphus
Brandl	Hartle	Miller	Rice	Valan
Brown	Haukoos	Minne	Richter	Valento
Burger	Heap	Murphy	Riveness	Vanasek
Carlson, D.	Himle	Neuenschwander	Rodosovich	Vellenga
Carlson, J.	Jennings, L.	O'Connor	Rose	Waltman
Carlson, L.	Johnson	Ogren	Sarna	Wenzel
Clausnitzer	Kiffmeyer	Olsen, S.	Schafer	Zaffke
DenOuden	Knickerbocker	Olson, E.	Scheid	Spk. Jennings, D.
Dimler	Kauth	Omann	Schreiber	
Dyke	Kostohryz	Onnen	Seaberg	
Elioff	Krueger	Ozment	Shaver	

Those who voted in the negative were:

Brinkman	Kahn	Nelson, K.	Piper	Tomlinson
Clark	Kelly	Norton	Segal	Voss
Cohen	Long	Otis	Skoglund	Welle
Greenfield	Munger	Pappas	Staten	Wynia
Jaros				

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1875

A bill for an act relating to health; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1875, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H. F. No. 1875 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [246A.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of sections 1 to 27, the terms defined in this section have the meanings given them unless the context clearly indicates otherwise.

Subd. 2. [CORPORATION.] "Corporation" means the public corporation created by section 2.

Subd. 3. [HOSPITAL SUBSIDIARY CORPORATION.] "Hospital subsidiary corporation" means the subsidiary corporation created pursuant to section 6, subdivisions 1, clause (9), and 3, and charged with the governance and operation of the St. Paul Ramsey Medical Center.

Sec. 2. [246A.02] [CREATION OF CORPORATION.]

There is created a corporation which shall be public in nature. The corporation shall be known as The purpose of the corporation is to engage in the provision and delivery of health care and related services, including education and research.

Sec. 3. [246A.03] [BOARD OF DIRECTORS.]

Subdivision 1. [GOVERNANCE.] The corporation shall be governed by a board of directors consisting of 15 members. The initial members of the board shall be selected as specified in subdivision 2. The terms of office of members of the board shall be as provided in the corporation's bylaws. No term of office will exceed three years.

Subd. 2. [SELECTION PANEL.] The chairperson of the Ramsey county board of commissioners, the chairperson of the St. Paul Ramsey Medical Center commission, and the chairperson of Ramsey clinic associates shall each appoint three persons to a selection panel. The selection panel shall name the initial 15 members of the board of directors established in subdivision 1. When the initial members of the board of directors have taken office, the selection panel shall dissolve.

Subd. 3. [NOMINATING COMMITTEE.] Whenever a vacancy occurs on the board of directors of the corporation, whether through resignation, removal, expiration of a director's term of office, or otherwise, the board shall appoint a nominating committee composed of five members, at least one of whom shall be a member of the board of commissioners of Ramsey county. The nominating committee shall meet as soon as practicable for the purpose of nominating individuals to fill the vacancy. The nominating committee shall nominate two candidates in the event there is one vacancy on the board and 1-1/2 candidates for each vacancy should there be more than one vacancy to be filled. In the event an odd number of positions on the board is vacant, the nominating committee is authorized to propose the next highest whole number of candidates when applying the foregoing formula. The board shall elect individuals to fill any vacancy from those individuals nominated by the committee, but no director may vote if that director's position is to be filled by the election.

Subd. 4. [QUORUM.] Unless otherwise specified in the bylaws, eight members of the board of directors constitutes a quorum for the transaction of business.

Subd. 5. [BOARD MEETINGS.] Except when the bylaws prescribe otherwise:

- (1) notice of every meeting shall be given;*

(2) *an act of the majority of the directors present at a meeting at which a quorum is present is the act of the board, except that a vote of a majority of the board shall be required to adopt the annual budget or to hire or discharge the chief executive officer;*

(3)(a) *A conference among directors, or among members of any committee designated by the board of directors, by any means of communication through which the participants may simultaneously hear each other during the conference, constitutes a meeting of the board, or the committee, if the same notice is given of the conference as would be required for a meeting, and if the number of persons participating in the conference would be sufficient to constitute a quorum at the meeting. Participation in a meeting in this manner constitutes personal presence at the meeting. Except as authorized by section 16, subdivision 2, if a meeting is conducted pursuant to this clause, a location and means by which members of the public may listen to the meeting shall be provided, and where such a meeting includes visual media, means by which members of the public may observe the meeting shall be provided. Notice of the meeting shall be provided and it shall specify that location, as well as the electronic method to be used.*

(b) *A director may participate in a meeting of the board or any committee designated by the board not described in paragraph (a) by any means of communication through which the director, other persons so participating, and all persons physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting in this manner constitutes personal presence at the meeting.*

Sec. 4. [246A.04] [OFFICERS.]

Subdivision 1. [ELECTION, APPOINTMENT.] (a) Unless the bylaws provide otherwise, the board of directors shall elect persons to exercise the functions of the offices of president, secretary, and treasurer and may elect or appoint any other officers and agents deemed to be necessary.

(b) *Unless the bylaws prescribe that only directors may be officers, officers need not be directors.*

(c) *Any of the offices or functions of the offices may be held or exercised by the same person.*

Subd. 2. [QUALIFICATIONS.] The president, secretary, and treasurer shall be adult natural persons. The bylaws may prescribe special qualifications for these offices.

Subd. 3. [REMOVAL.] An officer may be removed, with or without cause, by the persons authorized to elect or appoint

officers. The removal is without prejudice to the officer's contract rights.

Subd. 4. [AUTHORITY, DUTIES.] (a) Officers have the authority and duties in the management of the business of the corporation that the bylaws prescribe or, in the absence of the prescription, as the board of directors determines.

(b) An officer shall discharge the duties in good faith and with the diligence and care which an ordinarily prudent person, in a like position and under similar circumstances, would exercise.

Sec. 5. [246A.05] [BYLAWS.]

Subdivision 1. [BOARD ADOPTS OR AMENDS.] The board of directors may adopt or amend bylaws which may contain any provision for the purpose of administering and regulating the affairs of the corporation not inconsistent with law.

Subd. 2. [PROCEDURE AND NOTICE.] The procedure for amending the bylaws shall be specified in the bylaws. Notice of the meeting at which the amendment shall be considered and notice of the amendment shall be given as provided in the bylaws.

Sec. 6. [246A.06] [CORPORATE POWERS.]

Subdivision 1. [AUTHORITY AND POWERS OF THE BOARD.] The corporation, through its board of directors, shall have the authority and all necessary power to do the following:

(1) prepare an annual budget governing the affairs of the corporation;

(2) hire and discharge a chief executive officer and assistants or other employees deemed necessary to carry out the corporation's affairs;

(3) establish personnel policies and a system of personnel management governing the employees of the corporation;

(4) acquire, encumber, hold, and convey through lease, purchase, gift, or otherwise any property, either real or personal;

(5) contract for the purchase of or furnishing of medical care and services, including the furnishing of medical care for the indigent;

(6) enter shared service and other cooperative ventures;

(7) join or sponsor membership in organizations intended to benefit the hospital or hospitals in general;

- (8) *enter partnerships;*
- (9) *incorporate other corporations, both for profit and not for profit;*
- (10) *have members of its governing authority or its officers or administrators serve as directors, officers, or employees of the ventures, associations, or corporations;*
- (11) *own shares of stock in business corporations;*
- (12) *offer, directly or indirectly, products and services of the hospital, organization, association, partnership, or corporation to the general public;*
- (13) *sue and be sued;*
- (14) *continue as a public corporation perpetually;*
- (15) *enter into obligations or contracts and do any act incidental to the transaction of its business or expedient to its purposes, including purchasing insurance;*
- (16) *acquire, hold, mortgage, pledge, or dispose of shares, bonds, securities, and other evidences of indebtedness of any domestic or foreign corporation, either profit or nonprofit and either public or private, and, if the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote;*
- (17) *conduct its affairs within and without this state;*
- (18) *merge and consolidate with other corporations, domestic or foreign, organized for related purposes;*
- (19) *make donations to other corporations, domestic or foreign, organized for related purposes;*
- (20) *be a member of other corporations, whether domestic or foreign;*
- (21) *obtain funds necessary for its operations by borrowing upon terms and conditions which the corporation finds to be in its best interests;*
- (22) *accept from the United States, the state of Minnesota or its agencies or political subdivisions of government, and from private sources land, money, or other assistance;*
- (23) *take any action relative to the delivery of health care services which could be taken by a nonprofit corporation under*

chapter 317, and shall, when so acting, have, in addition to any authority vested by law, the authority and legal capacity of a nonprofit corporation under chapter 317;

(24) pay a per diem and expenses to the members of the board of directors; and

(25) exercise any power conferred upon a private nonprofit corporation by chapter 317.

Subd. 2. [OTHER POWERS.] The corporation shall have all the powers necessary and convenient for the operation, administration, management, and control of the corporation's affairs. The enumeration of specific powers in this chapter is not intended to restrict the power of the corporation to take any action which in the exercise of its discretion is necessary or convenient to further the purposes for which the corporation exists, and that is not otherwise prohibited by law, whether or not the power to take the action is necessarily implied from the powers expressly granted.

Subd. 3. [SUBSIDIARY CORPORATIONS.] Pursuant to the authority granted to the corporation in subdivision 1, clause (9), the corporation shall, at a minimum, create two subsidiary corporations. One subsidiary corporation shall be charged with the governance and operation of the St. Paul Ramsey Medical Center. The other subsidiary corporation shall be an association of physicians and dentists. Both subsidiaries shall be governed by boards of directors that are elected by the corporation's board of directors. The bylaws of both subsidiaries must be ratified by the corporation's board of directors prior to taking effect.

Subd. 4. [EXCEPTION TO OTHER LAW.] Notwithstanding any law to the contrary, the hospital subsidiary corporation shall not be subject to the provisions of chapter 179A and sections 471.345 to 471.37. Notwithstanding any law to the contrary, any organization, association, partnership, or corporation created by, controlled by, or owned by the corporation shall not be subject to the provisions of chapters 13 and 179A, and sections 471.345 to 471.37 and 471.705.

Sec. 7. [246A.07] [CORPORATE SEAL.]

The corporation shall not have a corporate seal.

Sec. 8. [246A.08] [ANNUAL MEETING.]

Each year the corporation shall hold a meeting which must be open to the public. At this meeting the board of directors and the chief executive officers of the corporation shall report on the affairs of the corporation and goals for the future.

Sec. 9. [246A.09] [ANNUAL AUDIT.]

Each year an audit must be conducted regarding the corporation's finances. The audit must be conducted by an independent accountant selected by the board of directors and be performed in accordance with generally accepted accounting practices and auditing standards. The audit report must be available for public inspection.

Sec. 10. [246A.10] [PUBLIC DEPOSITORY.]

The corporation shall have jurisdiction over its accounts and payrolls and shall establish and maintain a public depository. The depository must be subject to chapter 118, except that the corporation shall determine the appropriate security. The corporation shall establish and maintain all necessary accounts. The corporation may establish reserve accounts, depreciation accounts, and working capital funds in order to operate on an accrual basis.

Sec. 11. [246A.11] [TRANSFER OF ASSETS.]

Subdivision 1. [TRANSFER.] Notwithstanding any other law to the contrary, Ramsey county and the city of St. Paul, or either of them, may lease any property, real or personal, acquired by either or both for the establishment, operation, or maintenance of St. Paul Ramsey Medical Center, created by section 383A.41, or that has been turned over to the center for its use; however, the lease must only be to the corporation or one of its subsidiaries.

Subd. 2. [NO ADVERTISING OR BIDS.] In the event Ramsey county and the city of St. Paul, or either of them, choose to exercise the authority granted in subdivision 1, they may do so without first advertising for bids and without receipt of any bids.

Subd. 3. [CORPORATE STATUS.] The corporation shall be considered a "public corporation" for purposes of section 465.035.

Subd. 4. [REQUIREMENTS OF TRANSFER.] In the event Ramsey county and the city of St. Paul, or either of them, choose to exercise the authority granted in subdivision 1, the lease must also address the following:

(1) continued primary use of the property for health and hospital services;

(2) indigent care; and

(3) consideration to be paid for the property.

Subd. 5. [PROPERTY TRANSFER TO CORPORATION.] All property, both real and personal, that is held by the St. Paul

Ramsey Medical Center commission on the effective date of sections 1 to 27 is transferred to the corporation.

Sec. 12. [246A.12] [TRANSITIONAL PROVISIONS; STATUS OF PRESENT EMPLOYEES.]

Subdivision 1. [EMPLOYEE TRANSFER.] All employees of the St. Paul Ramsey Medical Center commission, section 383A.41, shall be transferred to the hospital subsidiary corporation.

Subd. 2. [CURRENT POSITIONS.] Each person holding a position with the St. Paul Ramsey Medical Center commission who has acquired permanent tenure or who was serving a probationary period on the effective date of this section may retain employment, seniority, and accrued benefits, including participation in deferred compensation programs. These persons shall not be subject to the Ramsey county civil service personnel system law and the rules related to it.

Subd. 3. [CHARITABLE HOSPITAL ACT.] Employees of the hospital subsidiary corporation shall be subject to the charitable hospitals act, sections 179.35 to 179.39.

Subd. 4. [BARGAINING UNITS.] The hospital subsidiary corporation shall recognize existing bargaining units organized by employees of the St. Paul Ramsey Medical Center commission. The hospital subsidiary corporation shall recognize all current labor agreements and the terms of those agreements shall remain in force until the agreements expire by their terms.

Subd. 5. [RETIREMENT EXCLUSION.] Persons initially employed by the hospital subsidiary corporation following the effective date of this section shall be excluded from the definition of "public employee" pursuant to the public employees retirement act, chapter 353.

Subd. 6. [RETIREMENT ELECTION.] All employees presently members of the public employees retirement association transferred to the hospital subsidiary corporation pursuant to subdivision 2 shall continue to be included in the definition of "public employee" pursuant to the public employees retirement act, chapter 353. The transferred employees shall not have the election to terminate their participation in the public employees retirement association created pursuant to chapter 353 prior to June 30, 1987.

Subd. 7. [POLITICAL SUBDIVISION.] Solely for the purpose of establishing equitable compensation relationships, the hospital subsidiary corporation shall be considered a political subdivision pursuant to Laws 1984, chapter 651. Unless expressly provided otherwise in sections 1 through 29, this subdivision

shall not be construed to mean that the hospital subsidiary corporation is a political subdivision for any other purpose.

Sec. 13. [246A.13] [TRANSFER OF RIGHTS.]

Subdivision 1. [CORPORATION AS CONTINUATION OF COMMISSION.] The hospital subsidiary corporation created by section 2 shall be considered a continuation of the Saint Paul Ramsey Medical Center commission and not the creation of a new authority. The subsidiary corporation succeeds to all rights and contractual obligations of the commission with the same force and effect as if those rights and obligations had been continued in the commission itself.

Subd. 2. [PENDING MATTERS.] The hospital subsidiary corporation may conduct and complete a legal action, administrative proceeding, or other matter commenced by the Saint Paul Ramsey Medical commission before the effective date of sections 1 to 27, and still pending on that date, in the same manner, under the same conditions, and with the same effect as though the action, proceeding, or other matter were conducted or completed by the commission.

Subd. 3. [TRANSFER OF DOCUMENTS REQUIRED.] The Saint Paul Ramsey Medical commission shall transfer and deliver to the hospital subsidiary corporation all contracts, books, bonds, plans, papers, records, and other property of every description within the jurisdiction or control of the commission.

Subd. 4. [TRANSFER OF FUNDS.] All unspent funds appropriated to the Saint Paul Ramsey Medical Center commission are transferred and appropriated to the hospital subsidiary corporation.

Sec. 14. [246A.14] [LEGAL COUNSEL.]

The corporation and its subsidiaries may retain the Ramsey county attorney as its attorney and legal advisor. If legal services are provided by the Ramsey county attorney, the corporation and its subsidiaries shall reimburse Ramsey county for the services and the reimbursement is to be credited to the budget of the Ramsey county attorney.

Sec. 15. [246A.15] [BONDING AUTHORITY.]

Subdivision 1. [MUNICIPALITY.] The corporation shall be considered a "municipality" pursuant to section 475.51, subdivision 2, for purposes of bond issuance and shall have all the authority conferred on municipalities by chapter 475 unless that authority is modified in this section.

Subd. 2. [SALE OF BONDS.] Notwithstanding any enumerated powers, the corporation may issue and sell revenue bonds or other revenue obligations to finance capital improvements or for the acquisition and betterment of additional facilities to be utilized for the delivery of health care and related research or for other proper corporate purposes. The revenue bonds or other revenue obligations must be payable solely from all or a portion of the revenues of the corporation.

Subd. 3. [SECURITY FOR BONDS.] The bonds may be secured by a mortgage of the site and facilities, or any part of it. The bonds must be in an amount and shall mature as provided by resolution of the board of directors and may be issued in one or more series and shall bear a date or dates, bear interest at a rate or rates, be in a denomination or denominations, be in the form either coupon or registered, carry the conversion or registration privileges, have rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption with or without premium as the resolution may provide. The bonds may be sold at public or private sale at a price or prices determined by the resolution. Notwithstanding any law to the contrary, the bonds must be fully negotiable. The corporation may enter into the covenants the board by resolution shall deem necessary and proper to secure payment of the bonds. The revenue bonds must state on their face that they are not payable from nor may be a charge upon any funds other than the revenues and property pledged or mortgaged for their payment, nor shall the corporation be subject to any liability on them or have the power to obligate itself to pay or pay the revenue bonds from funds other than the revenues and property pledged and mortgaged. No holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of Ramsey county or any other public body to pay the principal of or interest on any of them, nor to enforce payment of them against any property of Ramsey county, the corporation, or any other public body other than that expressly pledged or mortgaged for their payment.

Sec. 16. [246A.16] [OPEN MEETINGS.]

Subdivision 1. [CORPORATION AND HOSPITAL SUBSIDIARY SUBJECT TO OPEN MEETING LAW.] The corporation and the hospital subsidiary corporation shall each be a "public body" for purposes of the Minnesota open meeting law, section 471.705.

Subd. 2. [BOARD ACTION.] Notwithstanding any law to the contrary, the corporation and the hospital subsidiary corporation may meet in closed session to discuss and take action on specific matters involving contracts or marketing activity in cases where the corporation or its subsidiaries are in competition with health care providers that offer similar goods or services, and where the disclosure of information pertaining to

such matters would cause harm to the competitive position of the corporation or its subsidiaries.

Subd. 3. [CLOSED MEETINGS; RECORDING.] *The board of directors may by a majority vote in a public meeting decide to hold a closed meeting pursuant to subdivision 2. The time of commencement and place of the closed meeting shall be announced at the public meeting. A written roll of members present at the closed meeting shall be made available to the public after the closed meeting. The proceedings of a closed meeting shall be tape recorded at the expense of the board of directors and shall be preserved by it for two years. The data on the tape are considered nonpublic data pursuant to Minnesota Statutes, section 13.02, subdivision 9.*

Sec. 17. [246A.17] [GOVERNMENT DATA PRACTICES ACT.]

Subdivision 1. [POLITICAL SUBDIVISION.] *The corporation and the hospital subsidiary corporation shall each be a "political subdivision" for purposes of the Minnesota government data practices act, chapter 13.*

Subd. 2. [TRADE SECRET INFORMATION.] *Notwithstanding any law to the contrary, data concerning specific matters involving contracts or marketing activity in cases where the corporation or its subsidiaries are in competition with health care providers that offer similar goods or services are "trade secret information" for purposes of section 13.37, subdivision 2, to the extent disclosure of information pertaining to such matters would cause harm to the competitive position of the corporation or its subsidiaries.*

Sec. 18. [246A.18] [TORT LIABILITY.]

The corporation and the hospital subsidiary corporation shall each be a "municipality" for purposes of tort liability pursuant to chapter 466.

Sec. 19. [246A.19] [PURCHASING.]

Subdivision 1. [MUNICIPALITY STATUS.] *The corporation shall not be a "municipality" pursuant to section 471.345, subdivision 1, for the purposes of the uniform municipal contracting law, sections 471.345 to 471.37.*

Subd. 2. [SERVICE CONTRACTS.] *Notwithstanding any law to the contrary, the corporation may purchase directly or utilize the services of a nonprofit cooperative hospital service organization, the city of St. Paul, the state, the University of Minnesota, or any other political subdivision or agency of the state in the purchase of all goods, materials, and services that*

the corporation may require. These purchases must be made in compliance with laws of the state, except that purchase through a nonprofit cooperative hospital service organization is not subject to sections 471.345 to 471.37.

Sec. 20. [246A.20] [PUBLIC EMPLOYMENT.]

Unless otherwise provided by sections 1 to 27, the employees of the corporation and its subsidiaries are not "public employees" and the corporation is not a "public employer" for purposes of the public employment labor relations act, chapter 179A and the public employees retirement act, chapter 353.

Sec. 21. [246A.21] [EMPLOYEE SALARY LIMITS AND COMPENSATION.]

Subdivision 1. [EMPLOYEE SALARIES.] Notwithstanding section 43A.17, subdivision 9, or any other law to the contrary, the corporation and its subsidiaries have the discretion to set all employee salaries at levels which are considered appropriate by the respective boards of directors.

Subd. 2. [EMPLOYEE COMPENSATION; CONSTRUCTION AND BUILDING TRADE.] The total compensation package, including wage plus benefit rates, of all employees that are members of a construction or building trade for which there is a generally established and recognized scale of wages inside the county, shall be equal to the total compensation package of private sector construction trade employees within the county as established by collective bargaining agreements.

Sec. 22. [246A.22] [WORKERS' COMPENSATION.]

Subdivision 1. [SELF-INSURANCE.] The corporation and its subsidiaries are permitted to self-insure their liability pursuant to section 176.181, subdivision 2.

Subd. 2. [BENEFITS.] The appointing authority may provide for the payment of additional benefits to employees from their accumulated vacation, sick leave, or overtime credits if the employees of the corporation and any of its subsidiaries are entitled to the benefits of the workers' compensation law and have at the time of compensable injury accumulated credits under a vacation, sick leave, or overtime plan or system maintained by the corporation by which they are employed. The additional payments to an employee may not exceed the amount of the total sick leave, vacation, or overtime credits accumulated by the employee and shall not result in the payment of a total weekly rate of compensation that exceeds the weekly wage of the employee. The additional payments to any employee shall be charged against the sick leave, vacation, and overtime credits accumulated by the employee. Employees of the corporation and any of its subsidiaries entitled to the benefits of the workers' com-

compensation law may receive additional benefits pursuant to a collective bargaining agreement or other plan, entered into or in effect on or after January 1, 1980, providing payments by or on behalf of the employer and these additional benefits may be unrelated to any accumulated sick leave, holiday, or overtime credits and need not be charged against any accumulation; provided that the additional payments must not result in the payment of a total weekly rate of compensation that exceeds the weekly wage of the employee. The corporation and its subsidiaries may adopt rules and regulations consistent with chapter 179 to carry out this section relating to payment of additional benefits to employees from accumulated sick leave, vacation, overtime credits, or other sources.

Sec. 23. [246A.23] [DEFERRED COMPENSATION; INDIVIDUAL ANNUITY CONTRACTS.]

Subdivision 1. [DEFERRAL OF COMPENSATION.] Notwithstanding any law to the contrary, at the request of an employee of the corporation or any of its subsidiaries, the appointing authority shall by payroll deduction defer the payment of part of the compensation of the employee, as provided in a written agreement between the employee and the appointing authority, in a manner that will qualify the deferred amount for benefits afforded under federal and state tax laws, regulations, and rulings.

Subd. 2. [ANNUITY CONTRACT.] At the request of an employee and as part of the employee's compensation arrangement, the corporation, or any of its subsidiaries may negotiate and purchase an individual annuity contract from a company licensed to do business in the state of Minnesota for an employee for retirement or other purposes and may make payroll allocations in accordance with the arrangement for the purpose of paying the entire premium due or to become due under the annuity contract. The allocation shall be made in a manner that will qualify the annuity premiums, or a portion of them, for the benefit afforded under section 403(b) of the Internal Revenue Code of 1954, or any equivalent provisions of subsequent federal income tax law. The employee is the owner of the contract and the employee's rights under the contract are nonforfeitable except for failure to pay premiums.

Sec. 24. [246A.24] [TAX EXEMPT STATUS.]

The corporation is an organization exempt from taxation pursuant to chapter 290 and chapter 297A.

Sec. 25. [246A.25] [PREPAID HEALTH PLAN.]

The hospital subsidiary corporation is a county affiliated public teaching hospital for purposes of section 256D.03, subdivision 4.

Sec. 26. [246A.26] [LIMITATIONS UPON CORPORATE POWERS.]

Subdivision 1. [ATTEMPTS TO INFLUENCE LEGISLATION.] *The corporation shall not create propaganda or otherwise attempt to influence legislation to such an extent as would result in the loss of exemption under section 501(c)(3) of the Internal Revenue Code of 1954. The corporation shall not participate by the publication or distribution of statements or by any other means, in any political campaign on behalf of any candidate for public office.*

Subd. 2. [USE OF INCOME.] *No part of the assets or income of the corporation shall be used for objects or purposes which are not exclusively charitable, educational, or scientific under section 501(c)(3) of the Internal Revenue Code of 1954, and the laws of the state of Minnesota.*

Subd. 3. [COMPENSATION LIMITATIONS.] *No compensation or payment shall ever be made or paid to any officer, director, or trustee or the corporation except as reimbursement for actual expenditures made on behalf of the corporation and as reasonable compensation for services actually rendered. No part of the net earnings and assets of the corporation shall inure to the benefit of any private individual, nor shall any part of the income or assets of the corporation be distributed to or divided among any private individual as dividends or otherwise. The corporation shall not afford pecuniary gain, incidentally or otherwise, to its members except that the corporation may afford pecuniary gain to any member, as designated in the bylaws, that is a nonprofit corporation described in section 501(c)(3) of the Internal Revenue Code of 1954.*

Subd. 4. [TRANSFER UPON LIQUIDATION.] *In the event of the liquidation or dissolution of the corporation, the net assets of the corporation shall be distributed to an entity qualified for exemption under section 501(c)(3) of the Internal Revenue Code of 1954 or to any federal, state, or local governmental unit for use by it for public purposes.*

Sec. 27. [246A.27] [INDIGENT CARE.]

Subdivision 1. [SERVICES.] *The hospital subsidiary corporation shall provide hospital and medical services for the indigent of Ramsey county. The services shall be equivalent to those made available to nonindigent patients.*

Subd. 2. [FUNDS.] *Notwithstanding any law to the contrary, Ramsey county may provide funds for the purchase of medical care for the indigent of Ramsey county from a provider selected by the county with or without public bid.*

Sec. 28. Laws 1982, chapter 523, article 25, section 1, is amended to read:

Section 1. [HOTEL AND MOTEL TAX.]

A tax, supplemental to the general sales tax imposed by Minnesota Statutes, Chapter 297A, is imposed on transient lodging in the city of St. Paul at a rate equal to three percent of the consideration paid for lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp or for the granting of any similar license to use real property. The tax does not apply to a rental or lease for 30 or more days continuously. This tax supersedes any similar tax imposed pursuant to city charter. The tax shall be collected by and its proceeds paid to the city. (AT LEAST 25) *Twenty-five percent of the revenues generated by the tax shall be used for the payment of the bonds and any interest or premium on the bonds authorized by section 2. Seventy-five percent of the revenues generated by the tax shall be deposited in the city's general fund.*

Sec. 29. Laws 1977, chapter 402, section 2, is amended to read:

Sec. 2. [LEXINGTON AVENUE SOUTH OF LARPEN-TEUR.]

The city of Saint Paul may (NOT) take or use existing park land for the redesign, reconstruction or widening of Lexington avenue south of Larpenteur avenue *only if the redesign, reconstruction or widening:*

(a) *does not result in a traveled way on Lexington avenue between Horton avenue and Hoyt avenue greater than 32 feet, except for turning lanes, and*

(b) *is consistent with the Como Park master plan approved by the metropolitan council.*

Sec. 30. [VARIANCE NOT REQUIRED.]

Notwithstanding any other provision of law, the section of Lexington avenue that is located within Como Park in the city of Saint Paul does not require a variance from municipal state-aid engineering standards in order to be redesigned, reconstructed, or widened, and is eligible for inclusion in the money needs of the city on the same basis as other municipal state-aid streets in the city.

Sec. 31. [AUTHORITY FOR TAXATION.]

Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982,

chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than two percent, on the gross receipts from the furnishing for consideration of lodging at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging by a business having less than 50 lodging rooms. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.

Sec. 32. [REPEALER.]

Minnesota Statutes 1984, section 383A.41, as amended by Laws 1985, chapter 89, section 21, is repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 11, 12, 13, and 32 are effective when the initial board of directors take office according to section 3. Sections 1 to 10, and 14 to 27 are effective the day after the Ramsey county board files a certificate of local approval in compliance with section 645.021, subdivision 3.

Sections 28, 29, and 30 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Paul city council. Section 31 is effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to public and municipal corporations; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; providing for the imposition and use of certain taxes on lodging; providing for the redesign, reconstruction, and widening of Lexington avenue south of Larpenteur avenue; amending Laws 1977, chapter 402, section 2; Laws 1982, chapter 523, article 25, section 1; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended."

We request adoption of this report and repassage of the bill.

House Conferees: RANDY C. KELLY, GERALD KNICKERBOCKER and RICH O'CONNOR.

Senate Conferees: MARILYN M. LANTRY, NEIL DIETERICH and RON SIELOFF.

Kelly moved that the report of the Conference Committee on H. F. No. 1875 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 123 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Kalis

Voss

The bill was repassed, as amended by Conference, and its title agreed to.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1991:

Stanius, Tjornhom and McLaughlin.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 985:

Knickerbocker, Knuth and Rodosovich.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1993:

Bishop, Dempsey and Vanasek.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1949:

Carlson, D.; McPherson and Battaglia.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 229:

Dempsey, Gutknecht and Sviggum.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1035:

Dempsey, Blatz, Bishop, Piepho and Rest.

SPECIAL ORDERS

S. F. No. 1065 which was temporarily laid over earlier today was again reported to the House.

The Speaker called Halberg to the Chair.

Carlson, D., moved to amend S. F. No. 1065, as follows :

Delete page 1, line 15 to page 13, line 14 and insert:

"Section 1. Minnesota Statutes 1984, section 84.92, is amended to read:

84.92 [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 84.92 to 84.929 and Laws 1984, chapter 647, (SECTIONS 1 TO) section 9.

Subd. 1a. [AGRICULTURAL ZONE.] "*Agricultural zone*" means the areas in Minnesota lying south and west of a line starting at the Minnesota-North Dakota border and formed by rights-of-way of trunk highway no. 10, thence easterly along trunk highway no. 10 to trunk highway no. 23, thence easterly along trunk highway no. 23 to trunk highway no. 95, thence easterly along truck highway no. 95 to its termination at the Minnesota-Wisconsin border.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.

Subd. 3. [DEALER.] "Dealer" means a person engaged in the business of selling (THREE-WHEEL OFF-ROAD) *all-terrain* vehicles at wholesale or retail.

Subd. 4. [MANUFACTURER.] "Manufacturer" means a person engaged in the business of manufacturing (THREE-WHEEL OFF-ROAD) *all-terrain* vehicles.

Subd. 5. [OWNER.] "Owner" means a person, other than a person with a security interest, having a property interest in or title to (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle and entitled to the use and possession of the vehicle.

Subd. 6. [PERSON.] "Person" means an individual or an organization as defined in section 336.1-201, paragraph (30).

Subd. 7. [REGISTER.] "Register" means the act of assigning a registration number to (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle.

Subd. 8. [ALL-TERRAIN VEHICLE.] "(THREE-WHEEL OFF-ROAD) *All-terrain* vehicle" or "vehicle" means a motorized flotation-tired vehicle of not less than three low pressure tires, but not more than six tires, that is limited in engine displacement of less than 800 cubic centimeters and total dry weight less than 600 pounds.

Sec. 2. Minnesota Statutes 1984, section 84.922, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] Unless exempted in subdivision 8, after January 1, 1985, a person may not operate (A THREE-WHEEL OFF-ROAD) *an all-terrain vehicle* within the state unless the vehicle has been registered. After January 1, 1985, a person may not sell a vehicle without furnishing the buyer a bill of sale on a form prescribed by the commissioner.

Sec. 3. Minnesota Statutes 1984, section 84.922, subdivision 3, is amended to read:

Subd. 3. [REGISTRATION CARD.] The commissioner shall provide to the registrant a registration card that includes the registration number, the date of registration, the make and serial number of the vehicle, the owner's name and address, and additional information the commissioner may require. Information concerning each registration shall be retained by the commissioner. Upon a satisfactory showing that the registration card has been lost or destroyed the commissioner shall issue a replacement registration card upon payment of a fee of \$4. The fees collected from replacement registration cards shall be deposited in the (THREE-WHEEL OFF-ROAD) *all-terrain vehicle* account.

Sec. 4. Minnesota Statutes 1984, section 84.922, subdivision 5, is amended to read:

Subd. 5. [FEES FOR REGISTRATION.] (a) The fee for registration of each vehicle under this section (SHALL BE \$15 FOR THREE CALENDAR YEARS. THE COMMISSIONER OR COMMISSIONER OF PUBLIC SAFETY SHALL CHARGE AN ADDITIONAL \$3 PER REGISTRATION GRANTED), *other than those registered by a dealer or manufacturer under paragraph (b) or (c), is \$18 for three years and \$4 for a duplicate or transfer.*

(b) *The total registration fee for all-terrain vehicles owned by a dealer and operated for demonstration or testing purposes is \$50 per year. Dealer registrations are not transferable.*

(c) *The total registration fee for all-terrain vehicles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes is \$150 per year. Manufacturer registrations are not transferable.*

(d) The fees collected under this subdivision (SHALL) *must* be credited to the (THREE-WHEEL OFF-ROAD) *all-terrain vehicle* account.

Sec. 5. Minnesota Statutes 1984, section 84.922, subdivision 6, is amended to read:

Subd. 6. [RENEWAL.] Every owner of (A THREE-WHEEL) *an all-terrain* vehicle must renew registration in a manner prescribed by the commissioner upon payment of the registration fees in subdivision 5.

Sec. 6. Minnesota Statutes 1984, section 84.922, subdivision 7, is amended to read:

Subd. 7. [VEHICLES OWNED BY STATE OR POLITICAL SUBDIVISION.] A registration number must be issued without the payment of a fee for (THREE-WHEEL) *all-terrain* vehicles owned by the state or a political subdivision upon application.

Sec. 7. Minnesota Statutes 1984, section 84.922, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] A registration is not required for the following:

(1) vehicles being used for work *exclusively* on agricultural lands;

(2) vehicles owned and used by the United States, another state, or a political subdivision;

(3) vehicles covered by a valid license of another state or (COUNTY) *country* that have not been within this state for more than 30 consecutive days; *and*

(4) vehicles used exclusively in organized track racing events; *and*

(5) vehicles being used on private land with the permission of the landowner.

Sec. 8. Minnesota Statutes 1984, section 84.922, is amended by adding a subdivision to read:

Subd. 9. [LICENSING BY POLITICAL SUBDIVISIONS.] *No political subdivision of this state shall require licensing or registration of all-terrain vehicles covered by sections 84.92 to 84.929.*

Sec. 9. Minnesota Statutes 1984, section 84.922, is amended by adding a subdivision to read:

Subd. 10. [REGISTRATION BY MINORS PROHIBITED.] *No person under the age of 18 may register an all-terrain vehicle.*

Sec. 10. [84.924] [RULEMAKING; ACCIDENT REPORT.]

Subdivision 1. [COMMISSIONER OF NATURAL RESOURCES.] With a view of achieving proper use of all-terrain vehicles consistent with protection of the environment, the commissioner of natural resources shall adopt rules under chapter 14 relating to:

(1) registration of all-terrain vehicles and display of registration numbers;

(2) use of all-terrain vehicles insofar as game and fish resources are affected;

(3) use of all-terrain vehicles on public lands and waters under the jurisdiction of the commissioner of natural resources;

(4) uniform signs to be used by the state, counties, and cities necessary or desirable to control, direct, or regulate the operation and use of all-terrain vehicles; and

(5) specifications relating to all-terrain vehicle mufflers.

Subd. 2. [COMMISSIONER OF PUBLIC SAFETY.] The commissioner of public safety may adopt rules under chapter 14 regulating the use of all-terrain vehicles on streets and highways.

Subd. 3. [ACCIDENT REPORT; REQUIREMENT AND FORM.] The operator of an all-terrain vehicle involved in an accident resulting in injury requiring medical attention or hospitalization to or death of a person or total damage to an extent of \$100 or more shall promptly forward a written report of the accident to the commissioner of natural resources on a form prescribed by the commissioner.

Sec. 11. Minnesota Statutes 1984, section 84.925, is amended to read:

84.925 [EDUCATION AND TRAINING PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner shall establish a comprehensive (THREE-WHEEL OFF-ROAD) all-terrain vehicle environmental and safety education and training program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of (THREE-WHEEL OFF-ROAD) all-terrain vehicle operators, and the issuance of (THREE-WHEEL OFF-ROAD) all-terrain vehicle safety certificates to vehicle operators over the age of 12 years who successfully complete the (THREE-WHEEL OFF-ROAD) all-terrain vehicle environmental and safety education and training course. For the purpose of ad-

ministering the program and to defray a portion of the expenses of training and certifying vehicle operators, the commissioner shall collect a fee of not to exceed \$5 from each person who receives the training and shall deposit the fee in the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle account. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this section. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of vehicle operators.

Subd. 2. [YOUTHFUL OPERATORS.] (a) A person under the age of 14 years may not operate (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle on any public land or water under the jurisdiction of the commissioner unless accompanied by an adult on the vehicle or on an accompanying (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle or on a device towed by the same or an accompanying (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle. However, a person 12 years of age or older may operate (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle on public lands and waters under the jurisdiction of the commissioner if he has in his immediate possession a valid (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle safety certificate issued by the commissioner.

(b) It is unlawful for the owner of (A THREE-WHEEL OFF-ROAD) *an all-terrain* vehicle to allow the vehicle to be operated contrary to the provisions of this section.

Sec. 12. [84.9254] [SIGNAL FROM OFFICER TO STOP.]

It is unlawful for an all-terrain vehicle operator, after having received a visual or audible signal from a law enforcement officer to come to a stop, to (1) operate an all-terrain vehicle in willful or wanton disregard of the signal to stop, (2) interfere with or endanger the law enforcement officer or any other person or vehicle, or (3) increase speed or attempt to flee or elude the officer.

Sec. 13. [84.9256] [YOUTHFUL OPERATORS; PROHIBITIONS.]

Subdivision 1. [PROHIBITIONS ON YOUTHFUL OPERATORS.] (a) *Despite section 84.928 to the contrary, a person under 12 years of age shall not make a direct crossing of a trunk, county state-aid, or county highway as the operator of an all-terrain vehicle, or operate the vehicle upon a street or highway within a municipality.*

(b) *A person 12 years of age but less than 14 years may make a direct crossing of a trunk, county state-aid, or county highway*

only if that person possesses a valid all-terrain vehicle safety certificate and is accompanied by a person over 18 years of age or holding a valid driver's license. A person under the age of 14 years shall not operate an all-terrain vehicle on public land or water under the jurisdiction of the commissioner unless accompanied by one of the following listed persons on the same vehicle, if designed for more than one person, or an accompanying all-terrain vehicle: the person's parent, legal guardian, or other person 18 years of age or older or holding a valid driver's license.

However, a person 12 years of age or older may operate an all-terrain vehicle on public lands and waters under the jurisdiction of the commissioner if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner.

(c) A person 14 years of age or older, but less than 16 years of age, may make a direct crossing of a trunk, county state-aid, or county highway only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner or a valid motor vehicle operator's license.

Subd. 2. [HELMET REQUIRED.] A person less than 16 years of age shall not operate an all-terrain vehicle on public land unless wearing a safety helmet approved by the commissioner of public safety.

Subd. 3. [PROHIBITIONS ON OWNER.] It is unlawful for the owner of an all-terrain vehicle to permit it to be operated contrary to this section.

Subd. 4. [SUSPENSION.] When the judge of a juvenile court, or its duly authorized agent, determines that a person, while less than 18 years of age, has violated sections 84.92 to 84.929, or other state or local law or ordinance regulating the operation of an all-terrain vehicle, the judge or duly authorized agent shall immediately report the determination to the commissioner and (1) may recommend the suspension of the person's all-terrain vehicle safety certificate, or (2) may recommend to the commissioner of public safety, the suspension of the person's driver's license. The commissioner may suspend the certificate without a hearing.

Sec. 14. Minnesota Statutes 1984, section 84.927, is amended to read:

84.927 [REGISTRATION FEES; UNREFUNDED GASOLINE TAX; ALLOCATION.]

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of (THREE-WHEEL OFF-ROAD) all-terrain vehicles and the unrefunded gasoline tax attributable to all-terrain vehicle use under section 296.16 shall be deposited in the

state treasury and credited to the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle account.

Subd. 2. [PURPOSES.] Subject to appropriation by the legislature, money in the (THREE-WHEEL OFF-ROAD) *all-terrain* vehicle account may only be spent for (THE FOLLOWING PURPOSES):

(1) the education and training program under section 84.925;

(2) administration and implementation of sections 84.92 to 84.929 and Laws 1984, chapter 647, sections (1 TO) 9 and 10; (AND)

(3) acquisition, maintenance, and development of vehicle trails and use areas;

(4) grant-in-aid programs to counties and municipalities to construct and maintain all-terrain vehicle trails and use areas; and

(5) grants-in-aid to local safety programs.

The distribution of funds made available through grant-in-aid programs must be guided by the statewide comprehensive outdoor recreation plan.

Sec. 15. Minnesota Statutes 1984, section 84.928, is amended to read:

84.928 [OPERATION (ON STREETS AND HIGHWAYS) REQUIREMENTS; LOCAL REGULATION.]

Subdivision 1. [OPERATION ON STREETS AND HIGHWAYS.] (EXCEPT AS PROVIDED IN CHAPTER 168 OR IN THIS SECTION, A THREE-WHEEL OFF-ROAD VEHICLE MAY NOT BE DRIVEN OR OPERATED ON A HIGHWAY) (a) A person shall not operate an all-terrain vehicle upon the roadway, shoulder, or inside bank or slope of a trunk, county state-aid, or county highway in this state and, in the case of a divided trunk or county highway, on the right-of-way between the opposing lanes of traffic, except as provided in sections 84.92 to 84.929. A person shall not operate an all-terrain vehicle within the right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. A person shall not operate an all-terrain vehicle within the right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction

as the highway traffic on the nearest lane of the adjacent roadway. A person shall not operate an all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state.

(A) (b) *An all-terrain vehicle may make a direct crossing of a street or highway provided:*

(1) *the crossing is made at an angle of approximately 90 degrees to the direction of the highway and at a place where no obstruction prevents a quick and safe crossing;*

(2) *the vehicle is brought to a complete stop before crossing the shoulder or main traveled way of the highway;*

(3) *the driver yields the right of way to all oncoming traffic that constitutes an immediate hazard;*

(4) *in crossing a divided highway, the crossing is made only at an intersection of the highway with another public street or highway; and*

(5) *if the crossing is made between the hours of one-half hour after sunset to one-half hour before sunrise or in conditions of reduced visibility, only if both front and rear lights are on.*

(c) *An all-terrain vehicle may be operated upon a bridge, other than a bridge that is part of the main traveled lanes of an interstate highway, when required for the purpose of avoiding obstructions to travel when no other method of avoidance is possible; provided the all-terrain vehicle is operated in the extreme right-hand lane, the entrance to the roadway is made within 100 feet of the bridge, and the crossing is made without undue delay.*

(d) *A person shall not operate an all-terrain vehicle upon a public street or highway unless the vehicle is equipped with at least one headlight and one taillight, each of minimum candlepower as prescribed by rules of the commissioner, with reflector material of a minimum area of 16 square inches mounted on each side forward of the handlebars, and with brakes conforming to standards prescribed by rule of the commissioner, and all of which are subject to the approval of the commissioner of public safety.*

(e) *An all-terrain vehicle may be operated upon a public street or highway other than as provided by paragraph (b) in an emergency during the period of time when and at locations where the condition of the roadway renders travel by automobile impractical.*

(f) Chapter 169 applies to the operation of all-terrain vehicles upon streets and highways, except for those provisions relating to required equipment and except those provisions which by their nature have no application.

(g) A sled, trailer, or other device being towed by an all-terrain vehicle must be equipped with reflective materials as required by rule of the commissioner.

Subd. 2. [OPERATION GENERALLY.] It is unlawful for a person to drive or operate an all-terrain vehicle:

(1) at a rate of speed greater than reasonable or proper under the surrounding circumstances;

(2) in a careless, reckless, or negligent manner so as to endanger or to cause injury or damage to the person or property of another;

(3) without headlight and taillight lighted at all times if the vehicle is equipped with headlight and taillight;

(4) without a functioning stoplight if so equipped; or

(5) in a tree nursery or planting in a manner which damages or destroys growing stock.

Subd. 3. [OPERATING UNDER INFLUENCE OF ALCOHOL OR CONTROLLED SUBSTANCE.] A person may not operate or be in control of an all-terrain vehicle while under the influence of alcohol, as provided in section 169.121, subdivision 1, or a controlled substance defined in section 152.01, subdivision 4. A person violating this subdivision is guilty of a crime and is punishable in accordance with the provisions of section 169.121, subdivisions 3 and 4.

Subd. 4. [OPERATION PROHIBITED ON AIRPORTS.] Except for employees and agents while acting incident to the operation of the airport, it is unlawful for a person to drive or operate an all-terrain vehicle on an airport defined in section 360.013, subdivision 5.

Subd. 5. [ORGANIZED CONTESTS, USE OF HIGHWAYS AND PUBLIC LANDS AND WATERS.] Nothing in this section or chapter 169 prohibits the use of all-terrain vehicles within the right of way of a state trunk or county state-aid highway or upon public lands or waters under the jurisdiction of the commissioner of natural resources, in an organized contest or event, subject to the consent of the official or board having jurisdiction over the highway or public lands or waters.

In permitting the contest or event, the official or board having jurisdiction may prescribe restrictions or conditions as they may deem advisable.

Subd. 6. [REGULATIONS BY POLITICAL SUBDIVISIONS.] *Despite any provision in this section to the contrary, a county board, by resolution, may permit the operation of all-terrain vehicles upon the roadway, shoulder, or inside bank or slope of a county highway or county state-aid highway if the roadway is in the agricultural zone or if safe operation in the ditch or outside bank or slope of the highway is impossible, in which case the county board shall provide appropriate notice.*

A county or city, or a town acting by its town board, may regulate the operation of all-terrain vehicles on public lands, waters, and property under its jurisdiction and on streets and highways within its boundaries, by resolution or ordinance of the governing body and by giving appropriate notice, provided the regulations are consistent with sections 84.92 to 84.929 and rules adopted under section 10. However, the local governmental unit may not adopt an ordinance which (1) imposes a fee for the use of public land or water under the jurisdiction of either the department of natural resources or other agency of the state, or for the use of an access to it owned by the state or a county or city, or (2) requires an all-terrain vehicle operator to possess a motor vehicle driver's license while operating an all-terrain vehicle.

Subd. 7. [LIABILITY TO ROAD OR TRAIL AUTHORITY.] *When a road, trail, or highway right-of-way is used as provided by sections 84.92 to 84.928, 85.018, 100.273, subdivision 9, and 296.16, the authority having jurisdiction and the officers and employees of the authority are exempt from liability for any claim by any person arising from that use. This section shall have no effect on the liability of any party or organization having responsibility for the maintenance of a trail or roadway for all-terrain vehicles.*

Sec. 16. Minnesota Statutes 1984, section 85.018, is amended to read:

85.018 [TRAIL USE; VEHICLES REGULATED, RESTRICTED.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section (,):

(a) "Trail" means a recreational trail, which is funded in whole or in part by state grants-in-aid to a local unit of government.

(b) "Commissioner" means the commissioner of the state agency from which the grants-in-aid are received.

Subd. 2. [AUTHORITY OF LOCAL GOVERNMENT.] (a) A local government unit that receives state grants-in-aid for any

trail, with the concurrence of the commissioner, and the landowner or land lessee, may:

((A)) (1) designate the trail for use by snowmobiles or for nonmotorized use from December 1 to April 1 of any year; and

((B)) (2) issue any permit required under subdivisions 3 to 5.

(b) *A local government unit that receives state grants-in-aid under section 84.927, subdivision 2, for any trail, with the concurrence of the commissioner, and landowner or land lessee, may:*

(1) *designate the trail specifically for use at various times of the year by all-terrain vehicles, for nonmotorized use such as ski touring, snowshoeing, and hiking, and for multiple use, but not for motorized and nonmotorized use at the same time; and*

(2) *issue any permit required under subdivisions 3 to 5.*

(c) *A local unit of government that receives state grants-in-aid for any trail, with the concurrence of the commissioner and landowner or land lessee, may designate certain trails for joint use by snowmobiles and all-terrain vehicles.*

Subd. 3. [MOTORIZED USE; PERMITS, RESTRICTIONS.] (MOTORIZED USE OF TRAILS SHALL BE ALLOWED ONLY BY PERMIT BETWEEN APRIL 2 AND NOVEMBER 30 OF ANY YEAR) *Permits may be issued for motorized vehicles, other than those designated, to use a trail designated for use by snowmobiles or all-terrain vehicles. Notice of the permit must be conspicuously posted, at the expense of the permit holder, at no less than one-half mile intervals along the trail, for the duration of the permit. Permits shall require that permit holders return the trail and any associated facility to their original condition if any damage is done by the permittee. Limited permits for special events such as races may be issued and shall require the removal of any trail markers, banners and other material used in connection with the special event.*

Subd. 4. [NONMOTORIZED USE TRAILS (; WINTER).] (FROM DECEMBER 1 TO APRIL 1 OF ANY YEAR) *No motorized vehicle shall be operated on a trail designated for nonmotorized use (SUCH AS SKI TOURING OR SNOWSHOE USE).*

Subd. 5. [SNOWMOBILE AND ALL-TERRAIN VEHICLE TRAILS RESTRICTED.] (a) *From December 1 to April 1 in any year no use of a motorized vehicle other than a snowmobile, unless authorized by permit, lease or easement, shall be permitted on a trail designated for use by snowmobiles.*

(b) From December 1 to April 1 in any year no use of a motorized vehicle other than an all-terrain vehicle, unless authorized by permit, shall be permitted on a trail designated for use by all-terrain vehicles.

Subd. 6. [EXCEPTIONS.] The following motor vehicles are exempt from the provisions of subdivisions 3 to 5:

(a) military, fire, emergency or law enforcement vehicles used for official or emergency purposes;

(b) vehicles registered to the county, state or federal government;

(c) vehicles authorized by permit, lease or contract;

(d) vehicles owned by private persons engaged in the upkeep and maintenance of the trail systems under the direction of the local unit of government that manages the trail; and

(e) vehicles registered to or operated with the permission of a land owner on whose lands the trail system has been constructed, but only with respect to operation on the land of that owner.

Subd. 7. [STREETS AND HIGHWAYS.] This section does not apply to any portion of a trail located on any street or highway as defined in section 169.01.

Subd. 8. [ENFORCEMENT.] The provisions of this section may be enforced by officers of the department of natural resources as provided in section 97.50.

Sec. 17. Minnesota Statutes 1984, section 100.273, subdivision 9, is amended to read:

Subd. 9. Violation of any provision of this section is a misdemeanor. Upon a person's conviction for violating any provision of this section, any license issued to him pursuant to chapter 98, or any registration pursuant to section 84.82 or 84.922, under which he was exercising or attempting to exercise a privilege while violating this section shall immediately become null and void."

Renumber the remaining sections

Page 22, after line 24, insert:

"Sec. 31. [LIMITS ON TRANSFERRED PARKWAY.]

Notwithstanding any other provision of law the commissioner of transportation shall add that section of marked Trunk High-

way No. 101 from its intersection with marked Trunk Highway No. 12 in the city of Wayzata to its intersection with Hennepin County State-Aid Highway No. 5 in the city of Minnetonka to the county state-aid highway system following its transfer to Hennepin county. Notwithstanding any other provision of law or of the commissioner's rules relating to county state-aid highways, neither the commissioner nor Hennepin county may make any alterations in the present design, or configuration of the highway, or in its limits on speed or gross weight, which would

(a) *provide more than two lanes of travel,*

(b) *permit a speed on any part of the highway in excess of 35 miles per hour, or*

(c) *permit the use of the highway by a vehicle with a gross vehicle weight in excess of 10,000 pounds.*

Notwithstanding any other provision of law or of the commissioner's rules relating to county state-aid highways, neither the commissioner nor Hennepin county may reconstruct, replace or alter the marked trunk highway no. 101 bridge across Grays Bay, or the marked trunk highway no. 101 bridge on Bushway Road across the right of way of the Burlington Northern railroad, both in the city of Wayzata, to provide on either bridge a roadway more than 24 feet exclusive of shoulders."

Renumber the remaining sections

Page 22, line 26, delete "\$400,000" and insert "\$475,000"

Page 22, line 28, delete "1 to 19" and insert "1 to 17. For the development and administration of trails under this act, the complement of the commissioner of natural resources is increased by two positions."

Page 22, line 30, delete "24" and insert "20"

Amend the title as follows:

Page 1, line 8, delete everything after "85.018"

Page 1, line 9, delete "5"

Shaver moved to amend the Carlson, D., amendment to S. F. No. 1065, as follows:

In the Carlson, D., amendment, pages 14 and 15, delete section 31

Renumber the remaining sections

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

The question recurred on the Carlson, D., amendment, as amended. The motion prevailed and the amendment, as amended, was adopted.

Anderson, G., moved to amend S. F. No. 1065, as amended, as follows:

Page 15, after line 11, insert:

"Sec. 24. Minnesota Statutes 1984, section 169.825, subdivision 8, is amended to read:

Subd. 8. [PNEUMATIC-TIRED VEHICLES.] No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state:

(a) Where the gross weight on any wheel exceeds 9,000 pounds, except that on designated routes the gross weight on any single wheel shall not exceed 10,000 pounds;

(b) Where the gross weight on any single axle exceeds 18,000 pounds, except that on designated routes the gross weight on any single axle shall not exceed 20,000 pounds;

(c) Where, prior to July 1, 1989, the maximum wheel load exceeds 600 pounds per inch of tire width or the manufacturer's recommended load, whichever is less.

After July 1, 1989, the maximum wheel load may not exceed the following:

<i>Axle Group</i>	<i>Maximum Weight in Pounds Per Inch of Tire Width</i>
<i>Single</i>	600
<i>Tandem</i>	450
<i>Tridem and quad axle groups</i>	400

or the manufacturer's recommended load, whichever is less;

(d) Where the gross weight on any axle of a tridem exceeds 15,000 pounds, except that for vehicles to which an additional axle has been added prior to June 1, 1981, the maximum gross weight on any axle of a tridem may be up to 16,000 pounds provided the gross weight of the tridem combination does not exceed 37,000 pounds where the first and third axles of the tridem

are spaced seven feet apart; 38,500 pounds where the first and third axles of the tridem are spaced eight feet apart; and 39,900 pounds where the first and third axles of the tridem are spaced nine feet apart.

(e) Where the gross weight on any group of axles exceeds the weights permitted under this section with any or all of the interior axles disregarded and their gross weights subtracted from the gross weight of all axles of the group under consideration."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Boerboom moved to amend S. F. No. 1065, as amended, as follows:

Page 15, after line 11, insert:

"For purposes of the Minnesota base rate schedule, for vehicles with six or more axles in the "S" and "T" categories, the base rates are \$1,520 and \$1,620 respectively."

The motion prevailed and the amendment was adopted.

S. F. No. 1065, A bill for an act relating to transportation; regulating recreational vehicles; regulating all-terrain vehicles; regulating routes to the trunk highway system; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 84.92; 84.922, subdivisions 1, 3, 5, 6, 7, 8, and by adding subdivisions; 84.925; 84.927; 84.928; 85.018, subdivisions 1, 2, 3, 4, and 5; 100.273, subdivision 9; 161.117; 168.012, subdivision 3a; 169.045; and 296.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.

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.

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

There were 113 yeas and 13 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Battaglia	Erickson	Long	Redalen	Welle
Begich	Fjoslien	Minne	Shaver	Wynia
Elioff	Jennings, L.	Neuenschwander		

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

The Speaker resumed the Chair.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1599

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

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1599, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1599 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MEDIATION

Section 1. Minnesota Statutes 1984, section 336.9-501, is amended to read:

336.9-501 [DEFAULT; PROCEDURE WHEN SECURITY AGREEMENT COVERS BOTH REAL AND PERSONAL PROPERTY.]

(1) When a debtor is in default under a security agreement, a secured party has the rights and remedies provided in this part and except as limited by subsection (3) those provided in the security agreement. He may reduce his claim to judgment, foreclose, or otherwise enforce the security interest by any available judicial procedure. If the collateral is documents the secured party may proceed either as to the documents or as to the goods covered thereby. A secured party in possession has the rights, remedies, and duties provided in section 336.9-207. The rights and remedies referred to in this subsection are cumulative.

(2) After default, the debtor has the rights and remedies provided in this part, those provided in the security agreement, and those provided in section 336.9-207.

(3) To the extent that they give rights to the debtor and impose duties on the secured party, the rules stated in the subsections referred to below may not be waived or varied except as provided with respect to compulsory disposition of collateral (subsection (3) of section 336.9-504 and section 336.9-505) and with respect to redemption of collateral (section 336.9-506) but the parties may by agreement determine the standards by which the fulfillment of these rights and duties is to be measured if such standards are not manifestly unreasonable:

(a) Subsection (2) of section 336.9-502 and subsection (2) of section 336.9-504 insofar as they require accounting for surplus proceeds of collateral;

(b) Subsection (3) of section 336.9-504 and subsection (1) of section 336.9-505 which deal with disposition of collateral;

(c) Subsection (2) of section 336.9-505 which deals with acceptance of collateral as discharge of obligation;

(d) Section 336.9-506 which deals with redemption of collateral; and

(e) Subsection (1) of section 336.9-507 which deals with the secured party's liability for failure to comply with this part.

(4) If the security agreement covers both real and personal property, the secured party may proceed under this part as to the personal property or he may proceed as to both the real and the personal property in accordance with his rights and remedies in respect of the real property in which case the provisions of this part do not apply.

(5) When a secured party has reduced his claim to judgment the lien of any levy which may be made upon his collateral by virtue of any execution based upon the judgment shall relate back to the date of the perfection of the security interest in such collateral. A judicial sale, pursuant to such execution, is a foreclosure of the security interest by judicial procedure within the meaning of this section, and the secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(6) A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 5 to 17 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (7) is served on the debtor and a copy filed with the director; and the debtor and creditor have completed mediation under sections 5 to 17.

(7) A mediation notice under subsection (6) must contain the following notice with the blanks properly filled in.

"TO: (Name of Debtor)

YOU HAVE DEFAULTED ON THE (Debt in Default)
SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS (Reasonable Description of Agricultural Property Collateral)

AS A SECURED PARTY, (Name of Secured Party)
INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMA-

TION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR (Date of 14 Days after Service of the Mediation Notice) THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: (Name and Address of Secured Party)"

Sec. 2. [550.365] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not attach, execute on, levy on, or seize agricultural property subject to sections 5 to 17 that has secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the judgment debtor and a copy filed with the director; and (2) the debtor and creditor have completed mediation under sections 5 to 17.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.

"TO: (Name of Judgment Debtor)

A JUDGMENT WAS ORDERED AGAINST YOU BY (Name of Court) ON (Date of Judgment).

AS A JUDGMENT CREDITOR, (Name of Judgment Creditor) INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROPERTY DESCRIBED AS (Description of Agricultural Property) TO SATISFY THE JUDGMENT.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR (Date of 14 Days after Service of the Mediation Notice) THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: (Name and Address of Judgment Creditor)

Sec. 3. [559.209] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 5 to 17 that secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the contract for deed purchaser and a copy filed with the director; and (2) the contract for deed vendor and purchaser have completed mediation under sections 5 to 17.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.

"TO: (Name of Contract for Deed Purchaser)

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE AGRICULTURAL PROPERTY DESCRIBED AS (Size and Reasonable Location of Property, Not Legal Description)

AS THE CONTRACT FOR DEED VENDOR, (Contract for Deed Vendor) INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR BY (Date of 14 Days after Service of the Mediation Notice) THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: (Name and Address of Contract for Deed Vendor)"

Sec. 4. [581.015] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not begin a proceeding under this chapter to foreclose a mortgage on agri-

cultural property subject to sections 5 to 17 that has a secured debt of more than \$5,000 unless: (1) a mediation notice is served on the mortgagor and a copy is filed with the director; and (2) the mortgagor and mortgagee have completed mediation under sections 5 to 17.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.

"TO: . . . (Name of Record Owner) . . .

YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICULTURAL PROPERTY DESCRIBED AS . . . (Size and Reasonable Location, Not Legal Description) . . .

AS HOLDER OF THE MORTGAGE, . . . (Name of Holder of Mortgage) . . . INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.

YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR . . . (Date of 14 Days after Service of the Mediation Notice) . . . THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: . . . (Name and Address of Holder of Mortgage) . . ."

Sec. 5. [583.20] [CITATION.]

Sections 5 to 17 may be cited as the "farmer-lender mediation act."

Sec. 6. [583.21] [LEGISLATIVE FINDINGS.]

The legislature finds that the agricultural sector of the state's economy is under severe financial stress due to low farm commodity prices, continuing high interest rates, and reduced net farm income. The suffering agricultural economy adversely affects economic conditions for all other businesses in rural communities as well. Thousands of this state's farmers are unable to meet current payments of interest and principal payable on mortgages and other loan and land contracts and are threatened with the loss of their farmland, equipment, crops, and livestock

through mortgage and lien foreclosures, cancellation of contracts for deed, and other collection actions. The agricultural economic emergency requires an orderly process with state assistance to adjust agricultural indebtedness to prevent civil unrest and to preserve the general welfare and fiscal integrity of the state.

Sec. 7. [583.22] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 7 to 17.

Subd. 2. [AGRICULTURAL PROPERTY.] "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm operation including equipment, crops, livestock, and proceeds of the security. "Agricultural property" shall also include agriculturally related businesses as defined by the commission.

Subd. 3. [COMMISSION.] "Commission" means the commissioners of agriculture, finance, and commerce.

Subd. 4. [CREDITOR.] "Creditor" means the holder of a mortgage on agricultural property, a vendor of a contract for deed of agricultural property, a person with a lien or security interest in agricultural property, or a judgment creditor with a judgment against a debtor with agricultural property.

Subd. 5. [DIRECTOR.] "Director" means the director of the agricultural extension service or the director's designee.

Subd. 6. [FILE.] "File" means to deliver by the required date by certified mail or another method acknowledging receipt.

Subd. 7. [MEDIATOR.] "Mediator" means a farm mediator appointed by the director.

Subd. 8. [SERVE.] "Serve" means personal service as in a district court civil action.

Sec. 8. [583.23] [FARM MEDIATION.]

Subdivision 1. [TRAINING.] The director must provide training and support for mediators.

Subd. 2. [APPOINTMENT.] The director must provide mediators by contracting with qualified persons experienced in farm finance, agricultural law, and negotiation.

Subd. 3. [ADMINISTRATION.] The director may appoint a farm mediation administrator. The administrator and director

shall provide training for farm mediators and credit analysts and coordinate community legal education programs for farmers.

Sec. 9. [583.24] [APPLICABILITY.]

Subdivision 1. [CREDITORS.] (a) The farmer-lender mediation act applies to creditors who are:

- (1) the United States or an agency of the United States;*
- (2) corporations, partnerships, and other business entities; and*
- (3) individuals.*

(b) The farmer-lender mediation act does not apply to creditors of a debtor described under subdivision 2, paragraph (b).

Subd. 2. [DEBTORS.] (a) Except as provided in paragraph (b) the farmer-lender mediation act applies to a debtor who is:

- (1) a person operating a family farm as defined in section 500.24, subdivision 2;*
 - (2) a family farm corporation as defined in section 500.24, subdivision 2;*
 - (3) an authorized farm corporation as defined in section 500.24, subdivision 2; or*
 - (4) an owner of an agriculturally related business.*
- (b) The farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres with less than \$20,000 in gross sales of agricultural products the preceding year, except for an owner of an agriculturally related business as defined by the director.*

Sec. 10. [583.25] [VOLUNTARY MEDIATION PROCEEDINGS.]

A debtor that owns agricultural property or a creditor of the debtor may request mediation of the indebtedness by a farm mediator by applying to the director. The director shall make voluntary mediation application forms available at the county recorder's and county extension office in each county. The director must evaluate each request and may direct a mediator to meet with the debtor and creditor to assist in mediation.

Sec. 11. [583.26] [MANDATORY MEDIATION PROCEEDINGS.]

Subdivision 1. [MEDIATION NOTICE.] A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections 1, 2, 3, and 4 on the debtor and the director. The creditor may not begin the proceeding until the creditor and debtor have completed mediation or as allowed under sections 5 to 17.

Subd. 2. [MEDIATION REQUEST.] (a) A debtor must file a mediation request form with the director by 14 days after receiving a mediation notice. The mediation request form must state all known creditors. The director shall make mediation request forms available in the county recorder's and county extension office of each county.

(b) A debtor who fails to file a timely mediation request waives the right to mediation under the farmer-lender mediation act. The director shall notify a creditor stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.

(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the commission. The mediation request form must indicate that the debtor has not received a mediation notice.

Subd. 3. [CREDIT ANALYST AND FARM ADVOCATE.] (a) After receiving a mediation notice, the director shall provide a credit analyst knowledgeable in agricultural and financial matters to meet with the debtor and assure that information relative to the finances of the debtor is prepared for the initial mediation meeting.

(b) After receiving the mediation notice, the director shall notify the debtor that a farm advocate may be available without charge to assist the debtor and the credit analyst.

Subd. 4. [INITIAL MEDIATION MEETING.] (a) By ten days after receiving a mediation request, the director shall send: (1) a mediation meeting notice to the debtor; and (2) a mediation meeting notice and claim form to all known creditors of the debtor.

(b) *The mediation meeting notice must include a time and place for an initial mediation meeting between the debtor, all known creditors of the debtor, and a list of three mediators. An initial mediation meeting must be held within 20 days of the notice.*

(c) *Each creditor and the debtor may request the director to exclude one mediator from the list by sending the director a notice to such effect within 3 days after receiving the mediation meeting notice. In the event that requests from the creditors to remove mediators from the list would result in the exclusion of all of the remaining mediators the director shall appoint the mediator not excluded by the creditor owed the largest debt. In the event that a debtor and creditor request the same mediator, the director shall appoint that mediator.*

Subd. 5. [EFFECT OF MEDIATION MEETING NOTICE.]

(a) *Except as provided in paragraph (b), if a creditor receives a mediation meeting notice under subdivision 4 the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until (1) 90 days after the conclusion of mediation, or (2) a mediation agreement is reached.*

(b) *If a creditor is an agency of the United States and receives a mediation meeting notice under subdivision 4, the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until (1) 180 days after the conclusion of mediation, or (2) a mediation agreement is reached.*

Subd. 6. [DUTIES OF MEDIATOR.] *At the initial mediation meeting and subsequent meetings, the mediator shall:*

(1) *listen to the debtor and the creditors desiring to be heard;*

(2) *attempt to mediate between the debtor and the creditors;*

(3) *advise the debtor and creditors of assistance programs available;*

(4) attempt to arrive at an agreement to fairly adjust, refinance, or pay the debts; and

(5) advise, counsel, and assist the debtor and creditors in attempting to arrive at an agreement for the future conduct of financial relations among them.

Subd. 7. [MEDIATOR LIABILITY AND IMMUNITY.]

(a) A mediator is immune from civil liability for actions within the scope of the position as mediator. A mediator does not have a duty to advise a creditor or debtor about the law or to encourage or assist a debtor or creditor in reserving or establishing legal rights. This subdivision is an addition to and not a limitation of immunity otherwise accorded to a mediator under law.

(b) A mediator cannot be examined about a communication or document, including worknotes, made or used in the course of or because of mediation under this section and section 12. This paragraph does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because it is used in the cause of mediation. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.

Subd. 8. [MEDIATION PERIOD.] The mediator may call mediation meetings during the mediation period, which is up to 60 days after the initial mediation meeting.

Subd. 9. [MEDIATION AGREEMENT.] (a) If an agreement is reached among the debtor and creditors the mediator shall draft a written mediation agreement, have it signed by the creditors, and, if applicable, submit the agreement to the Minnesota rural finance administration for approval of debt restructuring.

(b) The debtor and creditors who are parties to the approved mediation agreement and creditors who have filed claim forms and have not objected to the mediation agreement:

(1) are bound by the terms of the agreement;

(2) may enforce the mediation agreement as a legal contract; and

(3) may use the mediation agreement as a defense against an action contrary to the mediation agreement.

Sec. 12. [583.27] [GOOD FAITH REQUIRED, COURT SUPERVISED MEDIATION.]

Subdivision 1. [OBLIGATION OF GOOD FAITH.] The parties must engage in mediation in good faith. Not participating in good faith includes: (1) a failure on a regular or continuing basis to attend and participate in mediation sessions without cause; (2) failure to provide full information regarding the financial obligations of the parties and other creditors; (3) failure of the creditor to designate a representative to participate in the mediation with adequate authority to fully settle, compromise, or otherwise mediate the matter; (4) lack of a written statement of debt restructuring alternatives and a statement of reasons why alternatives are unacceptable to one of the parties; (5) failure of the creditor to release to the debtor necessary living and farm operating expenses; or (6) other similar behavior which evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance, or forgive debt does not, in itself, evidence lack of good faith by the creditor.

Subd. 2. [LACK OF GOOD FAITH AFFIDAVIT; MEDIATOR'S RESPONSIBILITY.] If the mediator determines that either party is not participating in good faith as defined in subdivision 1, the mediator shall file an affidavit indicating the reasons for the finding with the agricultural extension service and both parties.

Subd. 3. [CREDITOR'S LACK OF GOOD FAITH; COURT SUPERVISED MEDIATION.] If the mediator finds the creditor has not participated in mediation in good faith, the debtor may require court supervised mandatory mediation by filing the affidavit with the district court of the county where the property is located with a request for court supervision of mediation and filing a copy of the request with the creditor. Upon request the court shall require both parties to mediate under the supervision of the court in good faith for a period of not less than 60 days. All creditor remedies must be suspended during this period. The court may issue orders necessary to effect good faith mediation. Following the 60-day period, if the court finds the creditor has not participated in mediation in good faith, the court shall by order suspend the creditor's remedies for an additional period of 180 days. A creditor found by the mediator not to have participated in good faith shall pay attorneys' fees and costs of the debtor requesting court-supervision of mediation or additional suspension of creditor's remedies.

Subd. 4. [DEBTOR LACK OF GOOD FAITH.] A creditor may immediately proceed with creditor's remedies upon receipt of a mediator's affidavit of a debtor's lack of good faith notwithstanding any other requirements of sections 5 to 17.

Sec. 13. [583.28] [CREDITOR NOT ATTENDING MEDIATION MEETING.]

Subdivision 1. [FILING AND EFFECT OF CLAIM FORM.] A creditor that is notified of the initial mediation meeting is subject to and bound by a mediation agreement if the creditor does not attend mediation meetings unless the creditor files a claim form. In lieu of attending a mediation meeting, a creditor may file a notice of claim and proof of claim on a claim form with the mediator before the scheduled meeting. By filing a claim form the creditor agrees to be bound by a mediation agreement reached at the mediation meeting unless an objection is filed within the time specified. The mediator must notify the creditors who have filed claim forms of the terms of any agreement reached at the farm mediation board meeting.

Subd. 2. [OBJECTIONS TO AGREEMENTS.] A creditor who has filed a claim form may serve a written objection to the terms of the agreement on the mediator and the debtor by ten days after receiving notice of the agreement. If a creditor files an objection to the terms of an agreement, the mediator may meet again with debtors and creditors by ten days after receiving the objection to attempt to reach a new agreement. Notwithstanding the mediation period under section 11, subdivision 8, if an objection is filed, the mediator may call mediation meetings during the ten-day period following receipt of the objection.

Sec. 14. [583.29] [PRIVATE DATA.]

All data regarding the finances of individual debtors and creditors created, collected, and maintained by the mediators or the debt restructuring commission are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9.

Sec. 15. [583.30] [FORMS AND COMPENSATION.]

Subdivision 1. [COMPENSATION.] The director shall set the compensation of mediators and credit analysts.

Subd. 2. [FORMS.] The director shall adopt voluntary mediation application, mediation request, and claim forms.

Sec. 16. [583.31] [ENFORCEMENT.]

The mediation agreement must be enforced by the district court.

Sec. 17. [583.32] [INCONSISTENT LAWS.]

The farmer-lender mediation act has precedence over any inconsistent or conflicting laws and statutes including chapters 336, 580, and 581, and section 559.21.

Sec. 18. [REPEALER.]

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), are repealed on July 1, 1988.

Sec. 19. [EFFECTIVE DATE.]

The article is effective the day following final enactment.

ARTICLE 2

REDEMPTION OF AGRICULTURAL HOMESTEADS

Section 1. [550.175] [EXECUTION ON REAL PROPERTY THAT INCLUDES HOMESTEAD.]

Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If real property is to be sold on execution and the property contains a portion of the homestead of the debtor, the debtor must be notified by the executing creditor that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of execution served on the debtor under section 550.19.

Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] The following notice must be included in the execution notice of real property containing a homestead that is served on a debtor under section 550.19. The notice must be in 10 point capitalized letters.

"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.

YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND ANY AMOUNT OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.

YOU MUST PROVIDE THE CREDITOR CAUSING THIS PROPERTY TO BE SOLD, THE SHERIFF, AND THE COUNTY RECORDER WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY TEN BUSINESS DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."

Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The debtor must designate the legal description of the homestead property to be sold separately. The homestead property designated may include any amount of the property. The designation

must conform to local zoning, include the dwelling occupied by the debtor, and be compact so that it does not unreasonably affect the value of the remaining property. The debtor must serve a copy of the designation on the executing creditor, the sheriff, and the county recorder by ten business days before the sale is scheduled.

Subd. 4. [SALE OF PROPERTY.] *If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

Subd. 5. [REDEMPTION.] *The debtor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption for the designated homestead or the remaining property is the same as the period of redemption for the entire property including the designated homestead.*

Sec. 2. [550.205] [REDEMPTION OF HOMESTEAD AFTER FORECLOSURE OR EXECUTION SALE.]

Subdivision 1. [APPLICABILITY.] *This section applies to mortgagors or debtors who have had real property used in agricultural production executed on or foreclosed and have not received notices under sections 1 and 3, and is effective until the redemption period ends.*

Subd. 2. [AGREEMENT.] (a) *A buyer that purchases real property used in agricultural production at a foreclosure or execution sale, and a party with the right to redeem, may agree to have the homestead redeemed separately. The written agreement must be recorded and include:*

- (1) *a legal description of the homestead; and*
- (2) *the amount to be paid to redeem the homestead.*

(b) *The homestead must comply with local zoning requirements.*

Subd. 3. [PETITION.] (a) *After a foreclosure or execution sale of real property used in agricultural production that contains a homestead, the party entitled to redeem the property may petition to have the homestead redeemed separately. The petition must be directed to the district court of the county where the foreclosure or execution sale was held and include:*

- (1) *a request that the homestead be appraised and redeemed separately;*

(2) a description designating the dwelling occupied by the mortgagor, and up to 80 acres of the property that conforms to local zoning and is compact so that it does not unreasonably affect the value of the remaining property.

(b) The court shall appoint an appraiser to make the appraisal and have the determination returned to the court within 30 days after the petition is filed.

Subd. 4. [DETERMINATION OF REDEMPTION COST.]

(a) The district court shall schedule and hold a hearing within 30 days after receiving the appraiser's determination. The court shall consider whether redeeming the homestead separately would unjustly affect the party who purchased the property at the foreclosure or execution sale. The court may equitably adjust the size of the homestead. If the petitioner is entitled to redeem the homestead separately, the court shall determine the cost of redeeming the designated homestead and the remaining property. The cost of redeeming the homestead must include:

(1) the appraised value of the homestead;

(2) the interest attributable to the portion of the debt allocated to the homestead; and

(3) the reasonable appraisal, court, and survey costs.

(b) The order of the court must be made and filed within five days of the hearing.

Subd. 5. [REDEMPTION.] The party entitled to redeem may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption is the period for the entire property including the designated homestead.

Sec. 3. [582.041] [FORECLOSURE OF MORTGAGE THAT INCLUDES HOMESTEAD.]

Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If a mortgage on real property is foreclosed and the property contains a portion of the homestead of the mortgagor, the mortgagor must be notified by the foreclosing mortgagee that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of foreclosure served on the mortgagor under section 580.04 or for a foreclosure by action under chapter 581, in the summons and complaint.

Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] (a) The following notice must be included in the foreclosure notice of property containing a homestead that is served on the mortgagor under section 580.04. The notice must be in 10 point capitalized letters.

"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.

YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND ANY AMOUNT OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.

YOU MUST PROVIDE THE PERSON FORECLOSING ON THE PROPERTY, THE SHERIFF, AND THE COUNTY RECORDER WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY TEN BUSINESS DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."

(b) The following notice must be served with the summons and complaint in an action to foreclose a mortgage of property containing a homestead under chapter 581. The notice must be in 10 point capitalized letters.

"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.

YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.

YOU MUST PROVIDE THE COURT WITH A LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED."

Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The mortgagor must designate a legal description of the homestead property to be sold separately. The homestead property designated may include any amount of the property. The designation must conform to local zoning, include the dwelling occupied by the mortgagor, and be compact so that it does not unreasonably affect the value of the remaining property. The mortgagor must serve a copy of the designation on the foreclosing mortgagee, the sheriff, and the county recorder by ten business days before the sale is scheduled, or for a foreclosure by action under chapter 581, a copy of the designation must be provided to the court.

Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, or is ordered by the court, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.

Subd. 5. [REDEMPTION.] The mortgagor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption is the period for the entire property including the designated homestead.

Sec. 4. [REPEALER.]

Minnesota Statutes 1984, section 582.04, is repealed. Section 2 is repealed effective August 30, 1987.

Sec. 5. [EFFECTIVE DATE.]

This article is effective the day after final enactment and applies to all foreclosures or executions on real property that have foreclosure notices or summons and complaint served on the mortgagor or execution notices served on the debtor on or after the effective date.

ARTICLE 3

FAMILY FARM LEGAL ASSISTANCE PROGRAM

Section 1. [480.250] [ADMINISTRATION OF FAMILY FARM LEGAL ASSISTANCE PROGRAM.]

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

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

(1) is established as a nonprofit corporation under chapter 317 and tax exempt under section 501(c)(3) of the Internal Revenue Code as amended through December 31, 1985;

(2) is organized principally to provide legal assistance;

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

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

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

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

Subd. 3. [DISTRIBUTION OF FUNDS; LIMITATIONS.]

(a) *None of the funds distributed to recipients selected in accordance with the provisions of this section may be used for activities promoting nonjudicial changes in the law. Actions precluded include:*

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

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

(b) *The preceding restrictions limit only those activities for which contract funding is received and in no way limit the activities of any attorney acting in a pro bono capacity.*

Sec. 2. [480.252] [FAMILY FARM LEGAL ASSISTANCE PROGRAM.]

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

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

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

(3) *legal information to individual farmers;*

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

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

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

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

(1) *provide legal services to eligible persons whose bank loans are held by the Federal Deposit Insurance Corporation;*

(2) *provide basic legal information relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt and other farm financial problems upon request by farmers, state and local officials, and state-supported farm management advisors;*

(3) *represent and provide advice to individual eligible farmers in pursuit of legal remedies relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt, and other farm financial problems; and*

(4) *provide legal backup and research support to private attorneys who are representing farmers in matters relating to liquidation of farm property, farm credit, farm foreclosure, repossession of farm assets, restructuring of farm debt, and other farm financial problems.*

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

Subd. 4. [TERMINATION.] A contract under sections 1 to 4 may be terminated by the supreme court, or denied for renewal, upon reasonable written notice and good cause shown. A contract under sections 1 to 4 must be terminated if funds are used in a manner inconsistent with section 1.

Sec. 3. [480.254] [LEGAL ASSISTANCE ELIGIBILITY.]

(a) *A person is eligible for legal assistance under section 2 if the person:*

(1) *is a state resident;*

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

(3) *has a debt-to-asset ratio greater than 50 percent;*

(4) *has a reportable federal adjusted gross income of \$15,000 or less in the previous tax year; and*

(5) *is financially unable to retain legal representation.*

(b) *Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation are eligible for legal assistance under section 2.*

Sec. 4. [480.256] [ANNUAL REPORT.]

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

Sec. 5. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 4

INTERSTATE COMPACT ON AGRICULTURAL GRAIN MARKETING

Section 1. [236A.01] [INTERSTATE COMPACT ON AGRICULTURAL GRAIN MARKETING.]

The state of Minnesota ratifies and approves the following compact:

Interstate Compact on Agricultural Grain Marketing

Article I. — Purpose

It is the purpose of this compact to protect, preserve, and enhance:

(a) *the economic and general welfare of citizens of the joining states engaged in the production and sale of agricultural grains;*

(b) *the economies and very existence of local communities in such states, the economies of which are dependent upon the production and sale of agricultural grains; and*

(c) *the continued production of agricultural grains in such states in quantities necessary to feed the increasing population of the United States and the world.*

Article II. — Definitions

As used in this compact:

(a) *"State" means any state of the United States in which agricultural grains are produced for the markets of the nation and world.*

(b) *"Agricultural grains" means wheat, durum, spelt, triticale, oats, rye, corn, barley, buckwheat, flaxseed, safflower, sunflower seed, soybeans, sorghum grains, peas, and beans.*

Article III. — Commission

(a) Organization and Management

(1) *There is hereby created an agency of the member states to be known as the Interstate Agricultural Grain Marketing Commission, hereinafter called the commission. The commission shall consist of three residents of each member state who shall have an agricultural background and who shall be appointed as follows: (i) one member appointed by the governor, who shall serve at the pleasure of the governor; (ii) one senator appointed in the manner prescribed by the senate of such state, except that two senators may be appointed by the Governor of the State of Nebraska from the unicameral legislature of the state of Nebraska; and (iii) one member of the house of representatives appointed in the manner prescribed by the house of representatives of such state.*

The member first appointed by the governor shall serve for a term of one year and the senator and representative first appointed shall each serve for a term of two years; thereafter all members appointed shall serve for two-year terms. The attorneys general of member states or assistants designated thereby shall be nonvoting members of the commission.

(2) *Each member shall be entitled to one vote. A member must be present to vote and no voting by proxy shall be permitted. The commission shall not act unless a majority of the voting members are present, and no action shall be binding unless approved by a majority of the total number of voting members present.*

(3) *The commission shall be a body corporate of each member state and shall adopt an official seal to be used as it may provide.*

(4) *The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the giving of notice of annual, regular, and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.*

(5) *The commission shall elect annually, from among its voting members, a chairperson, a vice-chairperson, and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and shall fix the duties and compensation of such director. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.*

(6) *Irrespective of the civil service, personnel, or other merit system laws of any member state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix, with the approval of the commission, their duties and compensation. The commission bylaws shall provide for personnel policies and programs. The commission may establish and maintain, independently of or in conjunction with any one or more of the member states, a suitable retirement system for its full-time employees. Employees of the commission shall be eligible for social security coverage in respect of old age and survivors insurance provided that the commission takes such steps as may be necessary pursuant to federal law to participate in such program of insurance as a governmental agency or unit. The commission may establish and maintain or participate in such additional programs of employee benefits as may be appropriate. The commission may borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental entity.*

(7) *The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.*

(8) *The commission may establish one or more offices for the transacting of its business.*

(9) *The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments*

thereto with the appropriate agency or officer in each of the member states.

(10) The commission annually shall make to the governor and legislature of each member state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount, and conditions, if any, of the donation, gift, grant, or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

(b) Committees

(1) The commission may establish such committees from its membership as its bylaws may provide for the carrying out of its functions.

Article IV. — Powers and Duties of Commission

(a) The commission shall conduct comprehensive and continuing studies and investigations of agricultural grain marketing practices, procedures, and controls and their relationship to and effect upon the citizens and economies of the member states.

(b) The commission shall make recommendations for the correction of weaknesses and solutions to problems in the present system of agricultural grain marketing or the development of alternatives thereto, including the development, drafting, and recommendation of proposed state or federal legislation.

(c) The commission is hereby authorized to do all things necessary and incidental to the administration of its functions under this compact.

Article V. — Finance

(a) The commission shall submit to the governor of each member state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) The money necessary to finance the general operations of the commission not otherwise provided for in carrying forth its duties, responsibilities, and powers as stated herein shall be appropriated to the commission by the member states, when authorized by the respective legislatures. Appropriations by member states for the financing of the operations of the commission in the initial biennium of the compact shall be in the amount of \$50,000 for each member state; thereafter the total amount of appropriations requested shall be apportioned among the member states in the manner determined by the commission. Failure of a member

state to provide its share of financing shall be cause for the state to lose its membership in the compact.

(c) The commission shall not incur any obligations of any kind prior to the making of appropriations adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state.

(d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(e) The accounts of the commission shall be open for inspection at any reasonable time.

Article VI.—Eligible Parties, Entry Into Force, Withdrawal and Termination

(a) Any agricultural grain marketing state may become a member of this compact.

(b) This compact shall become effective initially when enacted into law by any five states prior to July 1, 1988, and in additional states upon their enactment of the same into law.

(c) Any member state may withdraw from this compact by enacting a statute repealing the compact, but such withdrawal shall not become effective until one year after the enactment of such statute and the notification of the commission thereof by the governor of the withdrawing state. A withdrawing state shall be liable for any obligations which it incurred on account of its membership up to the effective date of withdrawal, and if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it shall remain liable to the extent of such obligation.

(d) This compact shall terminate one year after the notification of withdrawal by the governor of any member state which reduces the total membership in the compact to less than five states.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day after final enactment.

ARTICLE 5

ASSET EXEMPTION

Section 1. Minnesota Statutes 1985 Supplement, section 256.-73, subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] Ownership by an assistance unit of property as follows is a bar to any allowance under sections 256.72 to 256.87:

(1) The value of real property other than the homestead, which when combined with other assets exceeds the limits of paragraph (2), unless the assistance unit is making a good faith effort to sell the nonexcludable real property. The time period for disposal must not exceed nine months and the assistance unit shall execute an agreement to dispose of the property to repay assistance received during the nine months up to the amount of the net sale proceeds. The payment must be made when the property is sold. If the property is not sold within the required time or the assistance unit becomes ineligible for any reason the entire amount received during the nine months is an overpayment and subject to recovery. For the purposes of this section "homestead" means the house owned and occupied by the child, relative or other member of the assistance unit as his dwelling place, together with the land upon which it is situated in an area no greater than two contiguous lots in a platted or laid out city or town or (80) all contiguous acres in rural areas; or

(2) Personal property of an equity value in excess of \$1,000 for the entire assistance unit, exclusive of personal property used as the home, one motor vehicle of an equity value not exceeding \$1,500, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 6

MINNESOTA RURAL FINANCE ADMINISTRATION

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

Subdivision 1. [CITATION.] This article shall be known as and may be cited as the "Minnesota rural finance administration act of 1986."

Subd. 2. [PURPOSE.] This article creates and establishes the Minnesota rural finance administration and establishes a program under which state bonds are authorized to be issued and proceeds of their sale are appropriated under the authority of article XI, section 5, clause (h) of the Minnesota Constitution, to develop the state's agricultural resources by extending credit on real estate security. The purpose of the program and of the bonds issued to finance or provide security for the program is to purchase participation interests in loans to be made available by agricultural lenders to farmers in order to restructure existing debt and to make available additional credit to farmers who own or purchase agricultural properties on terms and conditions not otherwise available from other credit sources. It is hereby found and declared that there presently exist in the state economic conditions which have severely adversely affected the economic viability of farms to the detriment of the rural economy and to the detriment of the economy of the state of Minnesota as a whole. It is further found and declared that as a result of public agricultural policies, agricultural market conditions, and other causes, the condition of the farm economy of the state of Minnesota is such as to jeopardize the continued existence and successful operation of farms in this state, necessitating the establishment of the program in this article to provide new sources of credit on favorable terms and conditions. It is further found and declared that providing credit for farmers on favorable terms and conditions will serve and promote the public welfare by assuring the viability of farm operations, by preventing erosion of the tax base in rural areas, by reducing foreclosures on farm property, and by enhancing the financial stability of farmers and of the businesses which depend on farmers as customers. It is further found and declared that in establishing a Minnesota rural finance administration and in authorizing the programs in this article, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purpose of improving and otherwise promoting their health, welfare, and prosperity and that the Minnesota rural finance administration, as created and established, is empowered to act on behalf of the people of the state of Minnesota in serving this public purpose for the benefit of the general public.

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

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

Subd. 2. [ADMINISTRATION.] "Administration" means the Minnesota rural finance administration created in section 3.

Subd. 3. [FARM.] "Farm" means a family farm as defined in section 500.24, located in Minnesota.

Subd. 4. [ELIGIBLE AGRICULTURAL LENDER; ELIGIBLE LENDER.] *"Eligible agricultural lender" or "eligible lender" means an entity of the kind described in section 5, subdivision 6, which enters into an agreement with the administration providing for the purchase by the administration of participation interests in eligible agricultural loans originated and serviced by the qualified agricultural lender.*

Subd. 5. [ELIGIBLE BORROWER.] *"Eligible borrower" means a borrower who meets the eligibility criteria in section 3.*

Subd. 6. [QUALIFIED AGRICULTURAL LOAN.] *"Qualified agricultural loan" means a loan to an eligible borrower made by an eligible agricultural lender which the administration purchases or in which the administration purchases a participation interest.*

Subd. 7. [BONDS.] *"Bonds" means bonds, notes, or other obligations issued by the administration. For the purposes of section 19, "bonds" also includes bonds or other obligations issued by the state.*

Subd. 8. [SECURITY ACCOUNT.] *"Security account" means the rural finance administration security account established in section 19, subdivision 5.*

Subd. 9. [PRIMARY PRINCIPAL.] *"Primary principal" means that portion of the principal outstanding on a loan covered by this article that is equal to the current market value of the property secured by the loan.*

Subd. 10. [SECONDARY PRINCIPAL.] *"Secondary principal" means that portion of the principal outstanding on a loan covered by this article that is in excess of the current market value of the property secured by the loan.*

Subd. 11. [BASIC INTEREST.] *"Basic interest" means that part of interest on primary principal that is payable annually.*

Subd. 12. [DEFERRED INTEREST.] *"Deferred interest" means that portion of the interest on primary principal and secondary principal the payment of which is deferred for the term of the loan. The deferred interest on primary principal may accrue at a different rate from the deferred interest on secondary principal as described in section 5.*

Subd. 13. [CURRENT MARKET VALUE.] *"Current market value" means the value determined by an appraisal considering comparable sales in the area where the real estate is located and the reasonable productive value of the property*

based on past production history. The state and the eligible agricultural lender must mutually agree on the current market value.

Subd. 14. [BORROWER.] "Borrower" means the person or persons liable on a restructured note.

Subd. 15. [ORIGINAL LOAN.] "Original loan" means a loan prior to restructuring.

Subd. 16. [RESTRUCTURED LOAN.] "Restructured loan" means a loan after it is modified pursuant to section 5.

Subd. 17. [MARKET RATE.] "Market rate" means an interest rate based on a formula established in rule and certified each month by the commissioner of finance.

Sec. 3. [41B.03] [BORROWER ELIGIBILITY CRITERIA.]

To be eligible for a program in this article:

(a) A borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2.

(b) The borrower or one of the borrowers must be the principal operator of the farm.

(c) The borrower or one of the borrowers must have received at least 50 percent of his or her annual gross income from farming, and farming must be the principal occupation of the borrower.

(d) The borrower must have a debt to asset ratio equal to or greater than 50 percent. In determining this ratio, the assets must be determined by the current market value of the assets.

(e) The borrower's projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, must not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production.

(f) The borrower must be unable to meet projected annual expenses without restructuring the loan.

(g) The borrower must not previously have received restructuring assistance pursuant to this article.

Sec. 4. [41B.035] [RURAL FINANCE ADMINISTRATION.]

Subdivision 1. [ESTABLISHMENT.] *There is created a public body corporate and politic to be known as the "Minnesota rural finance administration," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this article in furtherance of the public policies and purposes declared in section 1. The board of the administration consists of the commissioners of agriculture, commerce, and finance, the state auditor, and three public members appointed by the governor with the advice and consent of the senate. No public member may reside within the metropolitan area, as defined in section 473.02, subdivision 5. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member is conclusive evidence of the proper appointment of the member.*

Subd. 2. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] *The membership terms, compensation, removal of members, and filling of vacancies for the public members of the administration are as provided in section 15.0575.*

Subd. 3. [CHAIRPERSON.] *The commissioner of finance is the chairperson of the board. The commissioner of agriculture is the vice-chairperson of the board.*

Subd. 4. [MANAGEMENT AND CONTROL.] *The management and control of the administration is vested solely in the board in accordance with this article.*

Subd. 5. [BOARD ACTIONS.] *The powers of the board are vested in the members in office from time to time. A majority of the members of the board, excluding vacancies, constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the board upon a vote of a majority of a quorum present.*

Subd. 6. [ADMINISTRATIVE CONTROL.] *The administration is under the administrative control of the commissioner of finance.*

Subd. 7. [PERSONAL LIABILITY.] *The members and officers of the administration are not liable personally, either jointly or severally, for any debt or obligation created or incurred by the administration.*

Sec. 5. [LOAN RESTRUCTURING PROGRAM.]

Subdivision 1. [RESTRUCTURING AUTHORITY.] *The administration may enter into agreements or programs with eligible agricultural lenders for the restructuring of mortgage loans on real property located in Minnesota which is farmed by Minnesota residents, on such terms and conditions as the*

administration determines are not inconsistent with this article. This section governs the programs of the administration.

Subd. 2. [IMPLEMENTATION OF PROGRAM.] *The administration may implement a program to restructure agricultural loans and to purchase loan participation interests in qualified restructuring loans made by eligible agricultural lenders to eligible borrowers. Each such purchase shall be made only upon determination by or on behalf of the administration that the loan is a qualified restructuring loan as provided in this section.*

Subd. 3. [CRITERIA.] *Loans must comply with the following criteria:*

(a) *Each loan must be for the purpose of developing the state's agricultural resources and must be an extension of credit on real estate security. The loan may be secured by eligible security in addition to real estate. The security interests granted by the eligible borrower must be senior and prior to any other security interest in the pledged assets.*

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

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

Subd. 4. [PROGRAM AVAILABILITY.] *The administration shall exercise its best efforts to assure that credit made available through the loan restructuring program is made available throughout the agricultural areas of the state, and that the number or amount of loans are not unduly concentrated in any one area of the state.*

Subd. 5. [BENEFITS.] *The administration shall exercise its best efforts to assure that the program provides the maximum feasible benefits to as many eligible borrowers as is reasonably possible.*

Subd. 6. [TYPES OF LENDERS.] *Any bank, credit union, savings and loan association chartered by the state or federal government, unit of the farm credit system, the federal deposit insurance corporation, the federal savings and loan insurance*

corporation, and any insurance company, fund, or other financial institution doing business as an agricultural lender within the state is eligible for consideration as an eligible agricultural lender if the administration determines that the lender has sufficient personnel and other resources to efficiently and properly originate and service the qualified agricultural loans. Each such eligible agricultural lender shall enter into one or more agreements with the administration providing for the origination and servicing of qualified restructuring loans on the terms and conditions the administration determines to be appropriate.

Subd. 7. [RESTRUCTURING PROCEDURE.] *The eligible agricultural lender or borrower shall propose restructuring a loan to the administration. Within 30 days of receiving adequate information concerning a proposal, the administration and the eligible lender shall notify the borrower of their determination of eligibility. An eligible agricultural lender shall then expeditiously conduct necessary appraisals and draft the loan restructuring agreement which must be consistent with this section and documents previously approved by the administration and eligible lenders. The loan restructuring agreement must be approved by the eligible lender, the administration, and the borrower.*

An eligible borrower may participate in the restructured loan or the homestead redemption loan, but not both loans.

Subd. 8. [STATE'S PARTICIPATION.] *With respect to loans that are eligible for restructuring under this article and upon acceptance by the administration, the administration shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of one quarter of the primary principal or \$50,000, whichever is less, except that the administration may participate in restructured loans made for the redemption of homesteads to the extent of one-half of the primary principal or \$25,000, whichever is less. The administration's portion of the loan must thereafter be protected by the first mortgage held by the eligible lender to the extent of its participation in the loan.*

Subd. 9. [RESTRUCTURED LOAN AGREEMENT.] (a) *All payments on the primary and secondary principal of the restructured loan, all payments of interest on the secondary principal, and an agreed portion of the interest payable to the eligible agricultural lender on the primary principal must be deferred to the end of the term of the loan.*

(b) *A borrower may prepay the restructured loan, with all primary and secondary principal and interest and deferred interest at any time without prepayment penalty.*

(c) *Interest on secondary principal must accrue at a below market interest rate.*

(d) At the conclusion of the term of the restructured loan, the borrower owes primary principal, secondary principal, and deferred interest on primary and secondary principal. However, part of this balloon payment may be forgiven following an appraisal by the lender and the administration to determine the current market value of the real estate subject to the mortgage. If the current market value of the land after appraisal is less than the amount of debt owed by the borrower to the lender and administration on this obligation, that portion of the obligation that exceeds the current market value of the real property must be forgiven by the lender and the administration in the following order:

- (1) deferred interest on secondary principal;
- (2) secondary principal;
- (3) deferred interest on primary principal;
- (4) primary principal as provided in an agreement between the administration and the lender; and
- (5) accrued but not deferred interest on primary principal.

The debt forgiveness may be combined with a renegotiated loan on the unforgiven balance due if the borrower is able to establish that there are reasonable prospects of repayment on a debt equal to the current market value of real estate at then existing interest rates. If so, the loan must be reamortized on terms and conditions acceptable to the lender, the administration, and the farmer.

Subd. 10. [INTEREST RATE.] The interest rate per annum on the portion of the restructuring loan represented by the participation interest purchased by the administration must be that rate of interest determined by the administration to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations issued by the administration, and to provide for the reasonable and necessary costs of issuing, carrying, administering, and securing the bonds or notes and to pay the costs incurred and to be incurred by the administration in the implementation of the program. The interest rate per annum borne by the primary principal portion of the restructuring loan retained by the eligible agricultural lender must be a rate of interest approved by the administration. The administration may specify the points, fees, and other charges which the eligible agricultural lender may charge to the eligible borrower.

Subd. 11. [ADMINISTRATION.] The eligible lender shall administer the loans and shall bear all costs of the loan administration. Ordinary costs of administration include appraisals, litigation, abstracts of title, and similar costs. The administra-

tion agrees to share in any other responsibilities common to a loan participation agreement.

Subd. 12. [ASSIGNABILITY.] Loans restructured under this section may not be assigned to anyone other than a direct descendant of the original borrower and the assignee must intend to engage in the direct operation and management of the farm which is subject to the mortgage. If such an assignment is contemplated, the borrower must obtain prior written approval of the eligible lender and the administration and the assignee shall thereafter be subject to the same terms and conditions and events of default as the original borrower. If assigned to some other party, the eligible agricultural lender may exercise its foreclosure remedies as provided by its contracts and by law.

Subd. 13. [DEFAULT.] In addition to default caused by nonpayment of the basic interest on the primary principal, it is intended that the documents establishing the restructured loans will include the following conditions, which, if violated, constitute default.

(a) The borrower must submit an annual operating budget to the eligible agricultural lender at a time specified by the lender.

(b) The borrower must submit quarterly, semiannual, and annual financial statements which must include balance sheets and income and expense records maintained pursuant to an acceptable farm record system as specified by the eligible agricultural lender.

(c) The borrower must comply with capital expenditure limitations imposed by the eligible agricultural lender.

(d) The borrower must obtain an annual commitment for an operating loan or assured sources of operating expenses sufficient to adequately operate the farm.

(e) The eligible agricultural lender may impose other reasonable requirements to reduce overall risk such as requiring purchase of crop insurance.

The lender may not waive any default specified in this subdivision without the consent of the administration.

Subd. 14. [GUARANTEED PAYMENT.] The administration may enter into agreements with qualified agricultural lenders, insurance companies, or others insuring or guaranteeing to the state the payment of all or a portion of qualified agricultural loans.

Subd. 15. [ADVANCE RESERVATIONS.] The administration may enter into agreements with eligible agricultural lenders providing for advance reservations of purchases of participation interests in restructuring loans, if the agreements provide that the administration may only purchase participation interests in restructuring loans pursuant to normal procedure. The administration may provide in an agreement for special procedures or requirements designed to meet specific conditions or requirements.

Subd. 16. [DATA PRIVACY.] Financial information, including but not limited to credit reports, financial statements, and net worth calculations, received or prepared by the administration regarding any administration loan or grant and the name of each individual who is the recipient of a loan are private data on individuals, pursuant to section 13.02, subdivision 12.

Sec. 6. [41B.05] [GENERAL POWERS OF THE ADMINISTRATION.]

For the purpose of exercising the specific powers granted in section 5 and effectuating the other purposes of this article the administration has the general powers granted in this section.

- (a) It may sue and be sued.*
- (b) It may have a seal and alter the seal.*
- (c) It may make, and from time to time, amend and repeal rules consistent with this article.*
- (d) It may acquire, hold, and dispose of personal property for its corporate purposes.*
- (e) It may enter into agreements, contracts, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of this article.*
- (f) It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate.*
- (g) It may provide general technical services related to rural finance.*
- (h) It may provide general consultative assistance services related to rural finance, and shall make available technical assistance to potential lenders and applicants to encourage applications for loans.*

(i) *It may promote research and development in matters related to rural finance.*

(j) *It may enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of farms financed in whole or in part by the proceeds of qualified agricultural loans.*

(k) *It may enter into agreements with other appropriate federal, state, or local governmental units to foster rural finance. It may give advance reservations of loan financing as part of the agreements, with the understanding that the administration will only approve the loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in such programs.*

(l) *It may undertake and carry out studies and analyses of rural financing needs within the state and ways of meeting such needs including: data with respect to geographical distribution; farm size; the distribution of farm credit needs according to debt ratios and similar factors; the amount and quality of available financing and its distribution according to factors affecting rural financing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and may engage in research and disseminate information on rural finance.*

(m) *It may survey and investigate the rural financing needs throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing shortage in the state.*

(n) *It may establish cooperative relationships with such county and multicounty authorities as may be established and may develop priorities for the utilization of administration resources and assistance within a region in cooperation with county and multicounty authorities.*

(o) *It may contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers or others, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in this article and to carry out the objectives of this article and may pay for the services from administration funds.*

(p) *It may establish cooperative relationships with counties to develop priorities for the use of administration resources and assistance within counties and to consider county plans and programs in the process of setting the priorities.*

The administration may adopt rules for the efficient administration of this article. The rules need not be adopted in compliance with chapter 14.

Sec. 8. [41B.08] [REVENUE BONDS; PURPOSES, TERMS, APPROVAL.]

Subdivision 1. [BONDS FOR PROGRAM.] The administration from time to time may issue its negotiable bonds in a principal amount which, in the opinion of the administration, is necessary to provide sufficient funds for achieving its purposes including the making of qualified agricultural loans or the purchase of interests in those loans, the payment of interest on bonds of the administration, the establishment of reserves to secure the bonds, and the payment of all other expenditures of the administration incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the administration may be issued as bonds or notes or in any other form authorized by law.

Subd. 2. [REFUNDING OF BONDS.] The administration from time to time may issue bonds for the purpose of refunding any bonds of the administration then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of those refunding bonds. The proceeds of any refunding bonds may, in the discretion of the administration, be applied to the purchase or payment at maturity of the bonds to be refunded, or to the redemption of such outstanding bonds on the redemption date next succeeding the date of delivery of such refunding bonds and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality thereof, or in certificates of deposit or time deposits secured in a manner determined by the administration, maturing at a time or times appropriate to assure the prompt payment of the principal of and interest and redemption premiums, if any, on the bonds to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and any investment income may be returned to the administration for use by it in any lawful manner. All refunding bonds issued under the provisions of this subdivision must be issued and secured in the manner provided by resolution of the administration.

Subd. 3. [KIND OF BONDS.] All bonds issued under this section must be negotiable investment securities within the meaning and for all purposes of the uniform commercial code, subject only to any provisions of the bonds and notes for registration. All bonds so issued may be either general obligations of the adminis-

tration, secured by its full faith and credit, and payable out of any money, assets, or revenues of the administration, subject to the provisions of resolutions or indentures pledging and appropriating particular money, assets, or revenues to particular bonds, or limited obligations of the administration not secured by its full faith and credit, and payable solely from specified sources or assets.

Subd. 4. [REQUIRED RATING.] No bonds may be issued unless a rating of "A" or better has been awarded to the bonds by a national bond rating agency.

Sec. 9. [41B.09] [REVENUE BONDS; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE.]

The bonds of the administration must be authorized by a resolution or resolutions adopted by the administration, bear such date or dates, mature at such time or times, bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States, at such place or places within or without the state, and be subject to such terms of redemption or purchase prior to maturity as the resolutions or certificates may provide. If, for any reason, whether existing at the date of issue of any bonds or at the date of making or purchasing any loan or securities from the proceeds or after that date, the interest on any bonds is or becomes subject to federal income taxation, this shall not impair or affect the validity or the provisions made for the security of the bonds. The administration may make covenants and take or cause to be taken actions which are in its judgment necessary or desirable and possible to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The administration may refrain from compliance with those conditions if in its judgment this would serve the purposes and policies set forth in this article with respect to any particular issue of bonds, unless this would violate covenants made by the administration. The bonds of the administration may be sold at public or private sale at a price or prices determined by the administration. The underwriting discount, spread, or commission paid or allowed to the underwriters of the bonds, however, must be an amount not in excess of the amount determined by the administration to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters.

Sec. 10. [41B.10] [REVENUE BONDS; OPTIONAL RESOLUTION AND CONTRACT PROVISIONS.]

Any resolution authorizing any bonds or any issue of bonds may contain provisions, which must be a part of the contract with the holders of the bonds, as to the matters referred to in this section.

(a) *It may pledge or create a lien on all or any part of the money or property of the administration and any money held in trust or otherwise by others to secure the payment of the bonds or of any issue of bonds, subject to any agreements with bondholders which exist.*

(b) *It may provide for the custody, collection, securing, investment, and payment of any money of the administration.*

(c) *It may set aside reserves or sinking funds and provide for their regulation and disposition and may create other special funds into which any money of the administration may be deposited.*

(d) *It may limit the loans and securities to which the proceeds of sale of bonds may be applied and may pledge repayments thereon to secure the payment of the notes or bonds or of any issue of notes or bonds.*

(e) *It may limit the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.*

(f) *It may prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent to the amendment or abrogation, and the manner in which that consent may be given.*

(g) *It may vest in a trustee or trustees property, rights, powers, and duties in trust determined by the administration, which may include any or all of the rights, powers, and duties of the bondholders, or may limit the rights, powers, and duties of the trustee.*

(h) *It may define the acts or omissions to act which constitute a default in the obligations and duties of the administration and may provide for the rights and remedies of the holders of bonds in the event of a default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of this article, which in any way affect the security or protection of the bonds and the rights of the bondholders.*

Sec. 11. [41B.11] [PLEDGES.]

Any pledge made by the administration is valid and binding from the time the pledge is made. The money or property pledged and later received by the administration is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of any pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the administration,

whether or not those parties have notice of the lien or pledge. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

Sec. 12. [41B.12] [REVENUE BONDS; NONLIABILITY OF INDIVIDUALS.]

Neither the members of the administration nor any person executing the bonds is liable personally on the bonds or subject to any personal liability or accountability by reason of their issuance.

Sec. 13. [41B.13] [REVENUE BONDS; PURCHASE AND CANCELLATION BY ADMINISTRATION.]

The administration, subject to agreements with bondholders which may then exist, has power out of any funds available for the purpose to purchase bonds of the administration at a price not exceeding (a) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (b) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Sec. 14. [41B.14] [REVENUE BONDS; NONLIABILITY OF STATE.]

The state of Minnesota is not liable on bonds of the administration issued under section 8 and those bonds are not a debt of the state. The bonds must contain on their face a statement to that effect.

Sec. 15. [41B.15] [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]

The state pledges and agrees with the holders of any bonds issued under section 8, that the state will not limit or alter the rights vested in the administration to fulfill the terms of any agreements made with the bondholders, or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged. The administration may include this pledge and agreement of the state in any agreement with the holders of bonds issued under section 8.

Sec. 16. [41B.16] [SECURITY ACCOUNT.]

Upon determining that a default may occur in the payment of principal or interest on any issue of bonds issued under section

8, or if any debt service reserve fund established in connection with those bonds is drawn upon because the revenues of the program are not then sufficient to make any payment of the principal or interest on them, the administration shall certify those facts to the commissioner of finance and shall request that the commissioner of finance transfer from the security account established under section 19, subdivision 5, to accounts or funds designated by the administration an amount required to cure the deficiency.

Sec. 17. [41B.17] [POWERS AND DUTIES OF TRUSTEE.]

Subdivision 1. [GENERAL.] The trustee designated in any indenture or resolution securing an issue of bonds may, and upon written request of the holders of 25 percent in principal amount of the notes or bonds then outstanding shall, in the trustee's own name, subject to the provisions of the indenture or resolution:

(1) enforce all rights of the bondholders, including the right to require the administration to collect fees, charges, interest, and payments on loans or interests therein held by the administration and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, those fees, charges, and payments, and to require the administration to carry out any other agreements with the holders of the notes or bonds and to perform its duties under this article;

(2) bring suit upon the bonds;

(3) require the administration to account as if it were the trustee of any express trust for the holders of the bonds;

(4) enjoin any acts or things which may be unlawful or in violation of the rights of holders of the bonds; or

(5) declare all the bonds due and payable, and if all defaults are made good, then, with the consent of the holders of 25 percent of the principal amount of the bonds then outstanding, the trustee may annul the declaration and consequences.

Subd. 2. [ADDITIONAL POWERS.] In addition to the powers in subdivision 1, the trustee has all of the powers necessary or appropriate for the exercise of any functions specifically set forth in this section or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

Subd. 3. [VENUE; NOTICE.] The venue of any action or proceedings brought by a trustee under this article, is in Ramsey county. Before declaring the principal of bonds due and payable,

the trustee shall first give 30 days notice in writing to the governor, the administration, and the state treasurer.

Sec. 18. [41B.18] [REVENUE BOND FUND; REPORTS.]

Subdivision 1. [AUTHORITY.] The administration may create and establish a special fund or funds for the security of one or more or all series of its bonds, which funds are known as debt service reserve funds. The administration may pay into each debt service reserve fund:

(1) any money appropriated by the state only for the purposes of that fund;

(2) any money transferred from the security fund for the purposes of that fund;

(3) any proceeds of sale of bonds to the extent provided in the resolution or indenture authorizing their issuance;

(4) any funds directed to be transferred by the administration to that debt service reserve fund; and

(5) any other money made available to the administration only for the purpose of that fund from any other source.

Subd. 2. [USE OF MONEY.] The money held in or credited to each debt service reserve fund, except as provided in this section, must be used solely for the payment of the principal of bonds of the administration as the bonds mature, the purchase of the bonds, the payment of interest on the bonds, or the payment of any premium required when the bonds or notes are redeemed before maturity; provided, that money in a debt service reserve fund may not be withdrawn at any time in an amount which would reduce the amount of the fund to less than the amount which the administration determines to be reasonably necessary for the purposes of the fund, except for the purpose of paying principal or interest due on bonds secured by the fund, for the payment of which other money of the administration is not available.

Subd. 3. [LIMITATION.] If the administration creates a debt service reserve fund for the security of any series of bonds, it shall not issue any additional bonds which are similarly secured if the amount of any of the debt service reserve funds at the time of issuance does not equal or exceed the minimum amount, if any, required by the resolution creating that fund, unless the administration deposits in each fund at the time of issuance, from the proceeds of the bonds or otherwise, an amount which, together with the amount then in the fund, will not be less than the minimum amount required.

Subd. 4. [EXCESS FUNDS.] *To the extent consistent with the resolutions and indentures securing outstanding bonds, the administration may, at the close of any fiscal year, transfer to any other fund or account from any debt service reserve fund, any excess in that fund over the amount deemed by the administration to be reasonably necessary for the purpose of the fund. Any excess must be transferred first to the security fund to the extent of any prior withdrawals from the security fund which have not previously been restored to the security fund.*

Subd. 5. [CONSTRUCTION.] *Nothing in this section may be construed to limit the right of the administration to create and establish by resolution or indenture other funds or security in addition to debt service reserve funds which are necessary or desirable in connection with any bonds or programs.*

Subd. 6. [REPORT.] *The administration shall submit a biennial report of its activities, projected activities, receipts, and expenditures for the next biennium, to the governor and the legislature on or before January 15 in each odd-numbered year. The report must include the distribution of money under each administration program by county. In addition, the report must include the cost to the administration of the issuance of its bonds for each issue in the biennium.*

Subd. 7. [AUDIT.] *The books and records of the administration are subject to audit by the legislative auditor in the manner prescribed for other state agencies. The administration may also employ and contract in its resolutions and indentures for the employment of public accountants for the audit of books and records pertaining to any fund.*

Sec. 19. [41B.19] [GENERAL OBLIGATION BONDS.]

Subdivision 1. [PROCEDURE.] *For the purpose of developing the state's agricultural resources by providing for the extension of credit on real estate security and to assure the timely payment of the principal of and interest on the bonds or other obligations issued by the rural finance administration, and upon request of the rural finance administration under section 8, the commissioner of finance may at the direction of the administration, issue general obligation bonds of the state in a principal amount not exceeding \$50,000,000. The bonds must be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, must be issued and secured as provided in Minnesota Statutes, section 16A.641. The proceeds of the bonds, except any premium and accrued interest, must be deposited in the security account established by this section and used solely for the purposes specified in this section. The premium and accrued interest, if any, must be deposited in the rural renewal bond account in the state bond fund.*

Subd. 2. [TERMS OF BONDS.] *Notwithstanding any provision of section 16A.641 to the contrary, the commissioner of*

finance may fix the terms of the bonds as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), and may enter into, on behalf of the state all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities by that section. The proceeds of the general obligation bonds may be used to reimburse the commissioner of finance for the costs of issuance of the bonds and the costs of development of programs authorized in this article.

Subd. 3. [SALE OF BONDS.] *If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.*

Subd. 4. [BOND FUND ACCOUNT.] *The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account designated as the rural renewal bond account, to record receipts and disbursements of money transferred to the account to pay bonds issued under this section and to record income from the investment of the money in the account. The income must be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.*

Subd. 5. [RURAL FINANCE ADMINISTRATION SECURITY ACCOUNT.] *The commissioner of finance shall maintain a separate state building fund account designated as the rural finance administration security account, into which must be deposited the proceeds of the rural renewal general obligation bonds issued as provided in this section. The commissioner of finance shall maintain a separate bookkeeping account to record receipts and disbursements of money transferred to or from the security account and to record income from the investment of money in the account. Upon the written request of the administration, the commissioner of finance shall transfer from the security account to an account or accounts the administration shall designate, a sum of money sufficient in amount, if available, when added to the balances then on hand in the designated accounts, to pay bonds issued by the administration under this article and the interest on them due and to become due on the next succeeding date for the payment of the principal of and interest on the bonds of the administration or to restore to any debt service reserve fund established in connection with the bonds any amount withdrawn from the debt service reserve account to pay the bonds. The commissioner of finance shall further transfer from the security account on or before the date on which any installment of the principal of and interest on bonds authorized by this section is due, a sum sufficient in*

amount, when added to the balance then on hand in the rural renewal bond account, to pay all bonds issued under this section and the interest on them due and to become due on the next succeeding date for payment of the bonds.

Subd. 6. [INVESTMENT OF SECURITY ACCOUNT.] *Money from time to time on deposit in the security account must be invested by the state board of investment at the request of the administration in any investment authorized by this subdivision. Money on deposit in the security account may be invested in (1) certificates of deposit insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation; (2) certificates of deposit issued by eligible agricultural lenders, whether or not fully insured or secured; (3) deposits secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give security for those deposits; (4) in qualified agricultural loans or in participation interests in qualified agricultural loans; or (5) qualified restructured loans. If and to the extent money has been transferred from the security account to provide for the timely payment of the principal of and interest on bonds issued by the administration, or to transfer money to a debt service reserve fund established in connection with the bonds, the administration shall transfer to the security account on or before December 1 of each succeeding year an amount equal to that previously transferred from the security account, provided that the administration's obligation to transfer money to the security account is limited to money then on hand in funds or accounts of the administration in excess of those appropriated to other purposes or required to provide for the payment of the principal of and interest on bonds issued by the administration and to pay the costs of issuing, carrying, administering, and securing the bonds of the administration and of administering and implementing the programs of the administration financed by the bonds.*

Subd. 7. [TRANSFERS, APPROPRIATION.] *In addition to the money required to be transferred to the rural renewal bond account under subdivision 5, and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the rural renewal bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the rural renewal bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the rural renewal bond account any other money in*

the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money is not available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.

Subd. 8. [CONSTITUTIONAL LEVY.] *On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the rural renewal bond account, to pay the entire amount of principal and interest due on or before July 1 in the second year thereafter on bonds issued under this section. This tax must be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivision 22. The tax must not be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and must be credited to the state bond fund, and the principal and interest on the bonds are payable from all the proceeds. As much of the proceeds as is necessary is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is hereby appropriated.*

Subd. 9. [COMPLIANCE WITH FEDERAL LAW.] *The commissioner of finance may covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.*

Subd. 10. [TAXABILITY OF INTEREST.] *Interest on the bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.*

Sec. 20. [41B.20] [EXEMPTION FROM TAXES.]

The property of the administration and its income and operation shall be exempt from all taxation by the state or any of its political subdivisions.

Sec. 21. [41B.21] [CERTAIN ACTIONS.]

Any action brought by any person with respect to the rights or powers of the administration or calling into question the validity or enforceability of bonds or obligations authorized by this article is a remedial case of which the supreme court has

original jurisdiction pursuant to article VI, section 2 of the constitution. The action may be commenced solely by service upon the state auditor, the commissioner of agriculture, or the executive director of the administration and by filing of the summons and complaint with the supreme court. Upon filing of an answer to the complaint, the court shall order a hearing which must be held not later than 30 days from the date of filing of the answer. At the hearing, the court shall establish an expedited schedule for the action.

Sec. 22. [41B.22] [CONSTRUCTION.]

This article is necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

Sec. 23. [SEVERABILITY; ACTIONS.]

Each of the provisions of this article, and each application thereof to particular circumstances, is severable. If any provision or application is found to be unconstitutional and void, it is the intention that the remaining provisions and applications shall be valid and enforceable to the full extent possible under section 645.20. The supreme court shall have original jurisdiction, pursuant to article VI, section 2 of the constitution, in all cases seeking a remedy based upon an issue raised as to the validity of any such provision or application.

Sec. 24. [EFFECTIVE DATE.]

This article is effective the day after final enactment.

ARTICLE 7

PROTECTION OF CONSERVATION PRACTICES

Section 1. Minnesota Statutes 1985 Supplement, section 40.26, is amended to read:

40.26 [(APPLICATION FOR) COST-SHARING FUNDS.]

Subdivision 1. [COST-SHARE REQUIRED.] ((A)) Except for a development activity, a land occupier may not be required to establish soil conservation practices unless state cost-sharing funds have been specifically approved for that land and have been made available to the land occupier under sections 40.23 and 40.242, equal to at least 75 percent of the cost of the permanent conservation practices on a voluntary basis, or a 50 percent cost share if an application for cost share is not made within 90 days after the board approves a mediated written agreement or within 90 days after the court orders implementation of a plan and time schedule prepared by the landowner or

the court. For mediated settlements, a court order that implements the landowner's alternatives or the court's alternatives must state the time schedule for application for 50 percent cost share. If the court orders implementation of the district's plan and time schedule, a landowner is only eligible for 50 percent cost share.

Subd. 2. [REVIEW OF REQUIREMENTS.] ((B)) The state soil and water conservation board shall review these requirements at least once each year, and may authorize a district to provide a higher percentage of cost sharing than is required by this section. To aid in this determination, the state board may consider the location of the affected area in relation to the priority areas as established in the soil and water conservation district annual and long-range plans.

Subd. 3. [RECORDING.] The permanent conservation practices must be recorded with the county recorder on the tracts where they occur if the cost-sharing funds are issued to the landowner.

Sec. 2. Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:

Subd. 3a. [LEASE AGREEMENT; CONSERVATION PRACTICE PROTECTION CLAUSE.] A corporation, other than a family farm corporation or an authorized farm corporation, when leasing farm land to a family farm unit, a family farm corporation, or an authorized farm corporation under provisions of section 500.24, subdivision 3, clause (i), must include within the lease agreement a provision prohibiting intentional damage or destruction to a conservation practice on the agricultural land.

Sec. 3. Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:

Subd. 3b. [PROTECTION OF CONSERVATION PRACTICES.] If a corporation, other than a family farm corporation or an authorized farm corporation, during the period of time it holds agricultural land under section 500.24, subdivision 3, clause (i), intentionally destroys a conservation practice as defined in section 40.19, subdivision 5, to which the state has made a financial contribution, the corporation must pay the commissioner of agriculture, for deposit in the general fund, an amount equal to the state's total contributions to that conservation practice plus interest from the time of investment in the conservation practice. Interest must be calculated at an annual percentage rate of 12 percent.

Sec. 4. [EFFECTIVE DATE.]

This article is effective April 1, 1986.

ARTICLE 8

FAMILY FARM SECURITY INTEREST EXCLUSION

Section 1. [FAMILY FARM SECURITY INTEREST EXCLUSIONS.]

(a) *The commissioner shall annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller-sponsored family farm security loan.*

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

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

(2) *For calendar years beginning with 1987, the additional payment amount must be determined as follows:*

(i) *The calendar year 1986 payment must be divided by the amount of interest and payment adjustment received during calendar year 1986.*

(ii) *The resulting quotient must be multiplied by the interest and payment adjustment received for the calendar year.*

(iii) *The product determined under clause (ii) is the payment for the calendar year.*

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

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

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

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

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

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 9

VETERINARIAN LIEN

Section 1. Minnesota Statutes 1984, section 514.92, is amended to read:

514.92 [VETERINARIAN'S LIEN (; STATEMENT OF CLAIM; FORECLOSURE).]

Subdivision 1. [ATTACHMENT.] (EVERY DULY) A licensed (AND REGISTERED) veterinarian (SHALL HAVE A LIEN FOR ALL) *who performs emergency veterinary services (OVER) that cost more than \$25 (RENDERED UPON ANY ANIMAL OR) for animals at the request of the owner or (LAWFUL POSSESSOR OF SAME, INCLUDING BUT NOT LIMITED TO) a person in possession of the animals has a lien on the animals for the value of the services. Veterinary services include emergency surgical procedures, administering vaccines, antisera, (VIRUS,) and antibiotics, (OR) and other veterinary (TREATMENT, FROM THE DATE OF FILING THE LIEN. WITHIN 180 DAYS FROM THE DAY ON WHICH THE TREATMENT WAS COMPLETED, THE CLAIMANT OF THE LIEN SHALL FILE IN THE APPROPRIATE FILING OFFICE UNDER THE UNIFORM COMMERCIAL CODE, MINNESOTA STATUTES, SECTION 336.9-401, A VERIFIED LIEN STATEMENT SETTING FORTH THE KIND AND NUMBER OF ANIMALS TREATED, THE REASONABLE VALUE FOR THE TREATMENT OR SERVICES RENDERED, OR THE PRICE CONTRACTED BETWEEN THE PARTIES, THE NAME OF THE PERSON FOR WHOM THE TREATMENT WAS DONE, THE REASONABLE IDENTIFICATION OF THE ANIMAL OR GROUP OF ANIMALS TREATED, DATES WHEN THE TREATMENT WAS COMMENCED AND WAS COMPLETED, THE NAME OF THE OWNER, OR REPUTED OWNER, OF THE ANIMALS, THE NAME AND ADDRESS OF THE VETERINARIAN CLAIMING THE LIEN. WITHIN ONE YEAR*

AFTER THE DATE THE LAST SERVICE WAS RENDERED, BUT NOT THEREAFTER, THE LIEN CLAIMANT MAY FORECLOSE HIS LIEN IN THE MANNER PRESCRIBED FOR SECURITY INTERESTS UNDER ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE) *medicines and treatments. Veterinary services also include services performed primarily to protect human health, prevent the spread of animal diseases, or to preserve the immediate health of an animal.*

Subd. 1a. [FILING AND PERFECTING LIEN.] The veterinarian must file a lien statement in the appropriate filing office for a financing statement covering the animals to be filed under section 336.9-401 by 180 days after the veterinary services are performed. The lien is perfected by properly filing the lien statement.

Subd. 2. [LIEN STATEMENT.] (MINNESOTA STATUTES, SECTION 514.74 SHALL APPLY TO ALL LIENS CREATED UNDER SUBDIVISION 1.) (a) A lien statement must be verified and state:

- (1) the name of the owner, or reputed owner, of the animals;*
 - (2) the name of the person for whom the veterinary services were performed;*
 - (3) the kind, number, and reasonable identification of animals treated;*
 - (4) the dates when the veterinary services were begun and finished;*
 - (5) the fraction of veterinary services performed which were primarily for the purpose of protecting human health, preventing the spread of animal diseases, or preserving the health of the animal or animals treated;*
 - (6) the reasonable value of the veterinary services rendered, or the price contracted between the parties; and*
 - (7) the name and address of the veterinarian claiming the lien.*
- (b) The provisions of section 514.74 relating to inaccuracies in lien statements apply to lien statements under this subdivision.*

Subd. 3. [ENFORCEMENT OF LIEN.] An action to enforce a perfected lien under this section must be started by one year after the date the last veterinary service was performed. A perfected lien may be enforced in the manner prescribed for security interests under section 336.9-501 to 336.9-508.

Subd. 4. [PRIORITY OF LIEN.] (a) A perfected veterinarian's lien under this section has priority over other liens and security interests on the same animals to the extent the veterinary services were performed primarily for the purpose of protecting human health, preventing the spread of animal diseases, or preserving the health of the animal or animals treated.

(b) A veterinarian's lien has priority over a security interest perfected before the veterinarian's lien only if the security interest is perfected after the effective date of this article.

(c) The priority among veterinarian's liens filed under this section is according to the first lien filed.

Subd. 5. [TERMINATION.] (a) A veterinarian's lien under this section terminates:

(1) 180 days after the last veterinarian's services was performed if a proper lien statement is not filed; or

(2) one year after the lien is filed if an action to enforce the lien has not been started.

(b) A filing officer may remove and destroy terminated lien statements in the same manner as provided for a financing statement under section 336.9-410.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 10

NATIVE AMERICAN MEMORIAL

Section 1. [NATIVE AMERICAN MEMORIAL PLAN.]

The Minnesota historical society shall develop a plan for selecting a design for a capitol mall memorial to Native Americans. The selection may involve a design competition with a prize for the winning design. Funding may involve state funds or gifts from private or public sources.

Sec. 2. Minnesota Statutes 1984, section 138.585, is amended by adding a subdivision to read:

Subd. 31. Native American monument, in Ramsey county, to memorialize Native Americans, located in a place of honor in the capitol complex in St. Paul.

ARTICLE 11

AGRICULTURAL DATA TASK FORCE

Section 1. [REACTIVATION OF THE AGRICULTURAL DATA TASK FORCE.]

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

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

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

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

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

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

Sec. 3. Laws 1985, chapter 19, section 2, is amended by adding a subdivision to read:

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

Sec. 4. Laws 1985, chapter 19, section 6, subdivision 6, is amended to read:

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

Sec. 5. [EFFECTIVE DATE.]

This act is effective the day following final enactment.

ARTICLE 12

CROP RIGHTS ON FORECLOSED LAND

Section 1. Minnesota Statutes 1984, section 542.06, is amended to read:

542.06 [REPLEVIN.]

Actions to recover the possession of personal property wrongfully taken shall be tried in the county in which the taking oc-

curred (,) or (, AT CLAIMANT'S ELECTION, IN THE COUNTY IN WHICH HE RESIDES; IN OTHER CASES) in the county in which the property is situated.

Sec. 2. [557.10] [OWNERSHIP OF CROPS.]

Planted and growing crops are personal property of the person or entity that has the property right to plant the crops.

Sec. 3. [557.11] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 4.

Subd. 2. [PLANTING CROP OWNER.] "Planting crop owner" means the person or entity that has a property right to plant crops, including a leasehold interest, the interest of a contract for deed vendee, and the redemption interest of a foreclosed mortgagor.

Subd. 3. [CROP VALUE.] "Crop value" means the value of the crop and crop inputs, including the real property fair market rental value, up to the time the planting crop owner's property right to harvest the crop is terminated.

Sec. 4. [557.12] [HARVESTING CROPS AFTER TERMINATION OF PROPERTY INTERESTS.]

Subdivision 1. [TERMINATION OF PROPERTY INTEREST AFTER CROPS ARE PLANTED.] If the planting crop owner's property right to harvest crops is involuntarily terminated before the crops are harvested, the person or entity with the property right to harvest the crops is liable to the planting crop owner for the crop value.

Subd. 2. [PLANTING CROP OWNER'S LIEN.] A planting crop owner has a lien for the crop value that attaches to the crop and crop products, and if the lien is not satisfied under subdivision 3, a planting crop owner has a lien for the crop value that attaches to the real property where the crop was planted.

Subd. 3. [SATISFACTION OF CROP OWNER'S LIEN.]
(a) *A person with the right to harvest a crop that is subject to a planting crop owner's lien may satisfy the lien by:*

(1) *compensating the planting crop owner for the crop value;*
or

(2) *allowing the planting crop owner to enter the property to grow and harvest the crops, and charging the planting crop own-*

er the fair market rental value of the property where the crop was grown for the period when the planting crop owner's right to harvest the crops was terminated until the crops are harvested.

(b) If the person with the right to harvest the crop does not notify the planting crop owner within 30 days after termination of the planting crop owner's right to harvest the crops that the lien will be satisfied under paragraph (a), clause (2), the person with the right to harvest the crop must satisfy the lien under clause (1) unless otherwise agreed by the planting crop owner.

Subd. 4. [LIEN ON CROPS HARVESTED BY PLANTING CROP OWNER; PRIORITY.] *If the person with the right to harvest the crop satisfies the planting crop owner's lien by allowing the planting crop owner to harvest the crops, the person with the right to harvest the crops has a lien for the fair market rental value of the property where the crop was grown that attaches to the crops and crop products. The perfected lien has priority over all other liens and security interests in the crop and crop products.*

Subd. 5. [FILING AND ENFORCEMENT OF LIENS.] *(a) A planting crop owner's lien under subdivision 2 and a lien for the fair market rental value where the crop was grown under subdivision 4 are perfected against the crop and crop products by attaching and filing a financing statement covering the crop and crop products as provided under sections 336.9-401 to 336.9-410 by 90 days after the planting crop owner's right to harvest the crop is terminated. The financing statement must include a statement indicating whether it is a planting crop owner's lien or a lien for a crop harvested by a planting crop owner. A perfected lien may be enforced in the same manner as a security interest under sections 336.9-501 to 336.9-508.*

(b) A lien against the real property under subdivision 2 must be recorded and foreclosed in the same manner as a mechanics' lien under sections 514.08 to 514.15 as if the planting crop owner was a contractor. For purposes of this paragraph, the lien statement must be filed and served under section 514.08, subdivision 1, by 120 days after the crop was harvested, or if the crop was not harvested, by 12 months after the crop was planted.

Sec. 5. [REPEALER.]

Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16, are repealed.

Sec. 6. [EFFECTIVE DATE.]

This article is effective the day after final enactment.

ARTICLE 13

TRANSPORTATION

Section 1. Minnesota Statutes 1985 Supplement, section 168.013, subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.] On trucks and tractors except those in this chapter defined as farm trucks, on truck-tractor and semitrailer combinations except those defined as farm combinations, and on commercial zone vehicles, the tax based on total gross weight shall be graduated according to the Minnesota base rate schedule prescribed in this subdivision, but in no event less than \$120.

Minnesota Base Rate Schedule

Scheduled taxes include five percent surtax
provided for in subdivision 14

TOTAL GROSS WEIGHT IN POUNDS		TAX
A	0 - 1,500	\$ 15
B	1,501 - 3,000	20
C	3,001 - 4,500	25
D	4,501 - 6,000	35
E	6,001 - 9,000	45
F	9,001 - 12,000	70
G	12,001 - 15,000	105
H	15,001 - 18,000	145
I	18,001 - 21,000	190
J	21,001 - 26,000	270
K	26,001 - 33,000	360
L	33,001 - 39,000	475
M	39,001 - 45,000	595
N	45,001 - 51,000	715

O	51,001 - 57,000	865
P	57,001 - 63,000	1015
Q	63,001 - 69,000	1185
R	69,001 - 73,280	1325
S	73,281 - 78,000	(1525) 1595
T	78,001 - 81,000	(1625) 1760

For each vehicle with a gross weight in excess of 81,000 pounds an additional tax of \$50 is imposed for each ton or fraction thereof in excess of 81,000 pounds, subject to subdivision 12.

Truck-tractors except those herein defined as farm and commercial zone vehicles shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of the truck-tractor and any semitrailer or semitrailers which the applicant proposes to combine with the truck-tractor.

Commercial zone trucks include only trucks, truck-tractors, and semitrailer combinations which are:

(1) used by an authorized local cartage carrier operating under a permit issued under section 221.296 and whose gross transportation revenue consists of at least 60 percent obtained solely from local cartage carriage, and are operated solely within an area composed of two contiguous cities of the first class and municipalities contiguous thereto as defined by section 221.011, subdivision 17; or,

(2) operated by an interstate carrier registered under section 221.60, or by an authorized local cartage carrier or other carrier receiving operating authority under chapter 221, and operated solely within a zone exempt from regulation by the interstate commerce commission pursuant to United States Code, title 49, section 10526(b).

The license plates issued for commercial zone vehicles shall be plainly marked. A person operating a commercial zone vehicle outside the zone or area in which its operation is authorized is guilty of a misdemeanor and, in addition to the penalty therefor, shall have the registration of the vehicle as a commercial zone vehicle revoked by the registrar and shall be required to re-register the vehicle at 100 percent of the full annual tax prescribed in the Minnesota base rate schedule, and no part of this tax shall be refunded during the balance of the registration year.

On commercial zone trucks the tax shall be based on the total gross weight of the vehicle and during the first eight years of

vehicle life shall be 75 percent of the Minnesota base rate schedule. During the ninth and succeeding years of vehicle life the tax shall be 50 percent of the Minnesota base rate schedule, except as otherwise provided in this subdivision. On commercial zone trucks, during the ninth and succeeding years of vehicle life, the tax shall be 50 percent of the tax imposed in the Minnesota base rate schedule.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those urban trucks and combinations and commercial zone vehicles specifically provided for in this subdivision, the tax for the first eight years of vehicle life shall be 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life, the tax shall be 75 percent of the Minnesota base rate prescribed by this subdivision, except as otherwise provided in this subdivision.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those commercial zone vehicles specifically provided for in this subdivision, during each of the first eight years of vehicle life the tax shall be 100 percent of the tax imposed in the Minnesota base rate schedule.

Sec. 2. Minnesota Statutes 1984, section 169.01, subdivision 7, is amended to read:

Subd. 7. [TRUCK-TRACTOR.] "Truck-tractor" means:

(a) a motor vehicle designed and used primarily for drawing other vehicles and not constructed to carry a load other than a part of the weight of the vehicle and load drawn; and

(b) a motor vehicle designed and used primarily for drawing other vehicles used exclusively for transporting motor vehicles *or boats* and capable of carrying motor vehicles *or boats* on its own structure.

Sec. 3. Minnesota Statutes 1984, section 169.80, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] It is a misdemeanor for a person to drive or move, or for the owner to cause or knowingly permit to be driven or moved, on a highway a vehicle or vehicles of a size or weight exceeding the limitations stated in sections 169.80 to 169.88, or otherwise in violation of sections 169.80 to 169.88, and the maximum size and weight of vehicles as prescribed in sections 169.80 to 169.88 shall be lawful throughout this state, and local authorities shall have no power or authority to alter these limitations except as express authority may be granted in sections 169.80 to 169.88.

When all the axles of a vehicle or combination of vehicles are weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight of the vehicle or combination of vehicles so weighed.

When each of the axles of any group that contains two or more consecutive axles of a vehicle or combination of vehicles have been weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight on the group of axles so weighed.

When, in any group of three or more consecutive axles of a vehicle or combination of vehicles any axles have been weighed separately and two or more axles consecutive to each other in the group have been weighed together, the sum of the weights of the axles weighed separately and the axles weighed together shall be evidence of the total gross weight of the group of axles so weighed.

The provisions of sections 169.80 to 169.88 governing size, weight, and load shall not apply to fire apparatus, or to implements of husbandry temporarily moved upon a highway, or to loads of loose hay or corn stalks if transported by a horse-drawn vehicle or drawn by a farm tractor, or to a vehicle operated under the terms of a special permit issued as provided by law. For purposes of sections 169.80 to 169.88, a specialized vehicle resembling a low-slung two wheel trailer having a short bed or platform shall be deemed to be an implement of husbandry when the vehicle is used exclusively to transport implements of husbandry; and the term "temporarily moved upon a highway" shall mean a movement not to exceed 50 miles.

In addition to any other special permits authorized, an annual permit may be issued authorizing movements on interstate highways and movements exceeding 50 miles on non-interstate highways of oversize vehicles and loads when the vehicles or combination of vehicles are used exclusively to transport implements of husbandry. Annual permits are issued in accordance with the applicable provisions of section 169.86, except that the transporting vehicle or combination of vehicles may be moved at the discretion of the permittee without prior route approval from the permit issuing office of the department of transportation if:

(a) The overall width of the transporting vehicle, including load, does not exceed (12) 14 feet;

(b) The transporting vehicle otherwise complies with equipment requirements and length, height and weight limitations prescribed by this chapter;

(c) The movement is made after the hour of sunrise and not later than 30 minutes after sunset;

(d) The movement is not made when visibility is impaired by weather, fog or other conditions rendering persons and vehicles not clearly visible at a distance of 500 feet, or on Sundays after twelve o'clock noon, and holidays;

(e) The transporting vehicle shall display at the front and rear end of the load or vehicle a pair of flashing amber lights, as provided in section 169.59, subdivision 4, whenever the overall width of the vehicle exceeds ten feet, six inches; and

(f) The movement, if made on a trunk highway, is made on a trunk highway with a surfaced roadway width of not less than 24 feet.

The fee for an annual permit is \$24 .

Sec. 4. Minnesota Statutes 1984, section 169.81, subdivision 2, is amended to read:

Subd. 2. [LENGTH OF VEHICLES.] (a) No single unit motor vehicle, except truck cranes which may not exceed 45 feet, unladen or with load may exceed a length of 40 feet extreme overall dimensions inclusive of front and rear bumpers, except that the governing body of a city is authorized by permit to provide for the maximum length of a motor vehicle, or combination of motor vehicles, or the number of vehicles that may be fastened together, and which may be operated upon the streets or highways of a city; provided, that the permit may not prescribe a length less than that permitted by state law. A motor vehicle operated in compliance with the permit on the streets or highways of the city is not in violation of this chapter.

(b) No single semitrailer may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer adjacent to the truck or truck-tractor, in excess of 48 feet, except (AS PROVIDED IN PARAGRAPH (D)) *that a single semitrailer may have an overall length in excess of 48 feet if (1) the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet, and (2) if the semitrailer is operated only in a combination of vehicles which does not exceed an overall length of 65 feet.* No single trailer may have an overall length inclusive of tow bar assembly and exclusive of rear protective bumpers which do not increase the overall length by more than six inches, in excess of 45 feet. For determining compliance with the provisions of this subdivision, the length of the semitrailer or trailer must be determined separately from the overall length of the combination of vehicles.

(c) No semitrailer or trailer used in a three-vehicle combination may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air com-

pressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer or trailer adjacent to the truck or truck-tractor, and further exclusive of the tow bar assembly, in excess of 28-1/2 feet. The commissioner may not grant a permit authorizing the movement, in a three-vehicle combination, of a semitrailer or trailer that exceeds 28-1/2 feet, except that the commissioner may renew a permit that was granted before April 16, 1984 for the movement of a semitrailer or trailer that exceeds the length limitation in this paragraph.

((D) THE COMMISSIONER MAY ISSUE AN ANNUAL PERMIT FOR A SEMITRAILER IN EXCESS OF 48 FEET IN LENGTH, IF THE DISTANCE FROM THE KINGPIN TO THE CENTERLINE OF THE REAR AXLE GROUP OF THE SEMITRAILER DOES NOT EXCEED 41 FEET AND IF A COMBINATION OF VEHICLES, WHICH INCLUDES A SEMITRAILER IN EXCESS OF 48 FEET FOR WHICH A PERMIT HAS BEEN ISSUED UNDER THIS PARAGRAPH, DOES NOT EXCEED AN OVERALL LENGTH OF 65 FEET. THE ANNUAL FEE FOR A PERMIT ISSUED UNDER THIS PARAGRAPH IS \$36.)

Sec. 5. Minnesota Statutes 1984, section 169.81, subdivision 3, is amended to read:

Subd. 3. [LENGTH OF VEHICLE COMBINATIONS.] (a) Statewide, except as provided in paragraph (b), no combination of vehicles coupled together, including truck-tractor and semitrailer, may consist of more than two units and no combination of vehicles, unladen or with load, may exceed a total length of 65 feet. The length limitation does not apply to the transportation of telegraph poles, telephone poles, electric light and power poles, piling, or pole length pulpwood, and is subject to the following further exceptions: the length limitations do not apply to vehicles transporting pipe or other objects by a public utility when required for emergency or repair of public service facilities or when operated under special permits as provided in this subdivision, but with respect to night transportation, a vehicle and the load must be equipped with a sufficient number of clearance lamps and marker lamps on both sides and upon the extreme ends of a projecting load to clearly mark the dimensions of the load. Mount combinations may be drawn but the combinations may not exceed 65 feet in length. The limitation on the number of units does not apply to vehicles used for transporting milk from point of production to point of first processing, in which case no combination of vehicles coupled together unladen or with load, including truck-tractor and semitrailers, may consist of more than three units and no combination of those vehicles may exceed a total length of 65 feet. Notwithstanding other provisions of this section, and except as provided in paragraph (b), no combination of vehicles consisting of a truck-tractor and semitrailer designed and used exclusively for the transportation of motor vehicles or boats

may exceed 65 feet in length. The load may extend a total of seven feet, but may not extend more than three feet beyond the front or four feet beyond the rear, and in no case may the overall length of the combination of vehicles, unladen or with load, exceed 65 feet. For the purpose of registration, trailers coupled with a truck-tractor, semitrailer combination are semitrailers. The state as to state trunk highways, and a city or town as to roads or streets located within the city or town, may issue permits authorizing the transportation of combinations of vehicles exceeding the limitations in this subdivision over highways, roads, or streets within their boundaries. Combinations of vehicles authorized by this subdivision may be restricted as to the use of highways by the commissioner as to state trunk highways, and a road authority as to highways or streets subject to its jurisdiction. Nothing in this subdivision alters or changes the authority vested in local authorities under the provisions of section 169.04.

(b) The following combination of vehicles regularly engaged in the transportation of commodities may operate only on divided highways having four or more lanes of travel, and on other highways as may be designated by the commissioner of transportation subject to section 169.87, subdivision 1, and subject to the approval of the authority having jurisdiction over the highway, for the purpose of providing reasonable access between the divided highways of four or more lanes of travel and terminals, facilities for food, fuel, repair, and rest, and points of loading and unloading for household goods carriers, livestock carriers, or for the purpose of providing continuity of route:

(1) a truck-tractor and semitrailer exceeding 65 feet in length;

(2) a combination of vehicles with an overall length exceeding 55 feet and including a truck-tractor and semitrailer drawing one additional semitrailer which may be equipped with an auxiliary dolly;

(3) a combination of vehicles with an overall length exceeding 55 feet and including a truck-tractor and semitrailer drawing one full trailer; and

(4) a truck-tractor and semitrailer designed and used exclusively for the transportation of motor vehicles or boats and exceeding an overall length of 65 feet including the load *except as restricted by applicable federal law*.

Vehicles operated under the provisions of this section must conform to the standards for those vehicles prescribed by the United States Department of Transportation, Federal Highway Administration, Bureau of Motor Carrier Safety, as amended.

Sec. 6. Minnesota Statutes 1984, section 169.825, is amended by adding a subdivision to read:

Subd. 3a. [TANDEM.] "Tandem axles" means two consecutive axles whose centers are spaced more than 40 inches and not more than 96 inches apart.

Sec. 7. Minnesota Statutes 1984, section 169.825, subdivision 8, is amended to read:

Subd. 8. [PNEUMATIC-TIRED VEHICLES.] No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state:

(a) Where the gross weight on any wheel exceeds 9,000 pounds, except that on designated *local routes and state trunk highways* the gross weight on any single wheel shall not exceed 10,000 pounds;

(b) Where the gross weight on any single axle exceeds 18,000 pounds, except that on designated *local routes and state trunk highways* the gross weight on any single axle shall not exceed 20,000 pounds;

(c) Where the maximum wheel load exceeds 600 pounds per inch of tire width or the manufacturer's recommended load, whichever is less;

(d) Where the gross weight on any axle of a tridem exceeds 15,000 pounds, except that for vehicles to which an additional axle has been added prior to June 1, 1981, the maximum gross weight on any axle of a tridem may be up to 16,000 pounds provided the gross weight of the tridem combination does not exceed 37,000 pounds where the first and third axles of the tridem are spaced seven feet apart; 38,500 pounds where the first and third axles of the tridem are spaced eight feet apart; and 39,900 pounds where the first and third axles of the tridem are spaced nine feet apart.

(e) Where the gross weight on any group of axles exceeds the weights permitted under this section with any or all of the interior axles disregarded and their gross weights subtracted from the gross weight of all axles of the group under consideration.

Sec. 8. Minnesota Statutes 1984, section 169.825, subdivision 10, is amended to read:

Subd. 10. [GROSS WEIGHT SCHEDULE.] (a) No vehicle or combination of vehicles equipped with pneumatic tires shall be operated upon the highways of this state where the

total gross weight on any group of two or more consecutive axles of any vehicle or combination of vehicles exceeds that given in the following table for the distance between the centers of the first and last axles of any group of two or more consecutive axles under consideration; the distance between axles being measured longitudinally to the nearest even foot, and when the measurement is a fraction of exactly one-half foot the next largest whole number in feet shall be used, except that when the distance between axles is more than three feet four inches and less than three feet six inches the distance of four feet shall be used:

Distances in feet between centers of foremost and rearmost axles of a group	Maximum gross weight in pounds on a group of		
	2 consecutive axles of a 2-axle vehicle or of any vehicle or combination of vehicles having a total of 2 or more axles	3 consecutive axles of a 3-axle vehicle or of any vehicle or combination of vehicles having a total of 3 or more axles	4 consecutive axles of a 4-axle vehicle or any combination of vehicles having a total of 4 or more axles
4	34,000		
5	34,000 ((35,000))		
6	34,000 ((36,000))		
7	34,000 ((37,000))	41,500	
8	34,000 ((38,000))	42,000	
9	35,000 ((39,000))	43,000	
10	36,000 ((40,000))	43,500	49,000

88th Day]

MONDAY, MARCH 17, 1986

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11	36,000	44,500	49,500
12		45,000	50,000
13		46,000	51,000
14		46,500	51,500
15		47,500	52,000
16		48,000	53,000
17		49,000	53,500
18		49,500	54,000
19		50,500	55,000
20		51,000	55,500
21		52,000	56,000
22		52,500	57,000
23		53,500	57,500
24		54,000	58,000
25		(55,000)	59,000
26		(55,500)	59,500
27		(56,500)	60,000
28		(57,000)	61,000
29		(58,000)	61,500
30		(58,500)	62,000
31		(59,500)	63,000
32		(60,000)	63,500
33			64,000
34			65,000
35			65,500
36			66,000

37	67,000
38	67,500
39	68,000
40	69,000
41	69,500
42	70,000
43	71,000
44	71,500
45	72,000
46	72,500
47	(73,500)
48	(74,000)
49	(74,500)
50	(75,500)
51	(76,000)

Maximum gross weight in pounds on a group of

	5	6	7
Distances in feet between centers of foremost and rearmost axles of a group	consecutive axles of a 5-axle vehicle or any combination of vehicles having a total of 5 or more axles	consecutive axles of a combination of vehicles having a total of 6 or more axles	consecutive axles of a combination of vehicles having a total of 7 or more axles
14	57,000		
15	57,500		
16	58,000		
17	59,000		

18	59,500		
19	60,000		
20	60,500	66,000	72,000
21	61,500	67,000	72,500
22	62,000	67,500	73,000
23	62,500	68,000	73,500
24	63,000	68,500	74,000
25	64,000	69,000	75,000
26	64,500	70,000	75,500
27	65,000	70,500	76,000
28	65,500	71,000	76,500
29	66,500	71,500	77,000
30	67,000	72,000	77,500
31	67,500	73,000	78,500
32	68,000	73,500	79,000
33	69,000	74,000	79,500
34	69,500	74,500	80,000
35	70,000	75,000	
36	70,500	76,000	
37	71,500	76,500	
38	72,000	77,000	
39	72,500	77,500	
40	73,000	78,000	
41	(74,000) (74,000)	79,000	
42	(74,500) (74,500)	79,500	

43	(75,000) (75,000)	80,000
44	(75,500) (75,500)	
45	(76,500) (76,500)	
46	(77,000) (77,000)	
47	(77,500) (77,500)	
48	(78,000) (78,000)	
49	(79,000) (79,000)	
50	(79,500) (79,500)	
51	(80,000) (80,000)	

The gross weights shown in parentheses in this clause are permitted only on *state trunk highways* and routes designated under section 169.832, subdivision 11.

(b) Notwithstanding any lesser weight in pounds shown in this table but subject to the restrictions on gross vehicle weights in clause (c), two consecutive sets of tandem axles may carry a gross load of 34,000 pounds each and a combined gross load of 68,000 pounds provided the overall distance between the first and last axles of the consecutive sets of tandem axles is 36 feet or more.

(c) Notwithstanding the provisions of section 169.85, the gross vehicle weight of all axles of a vehicle or combination of vehicles shall not exceed (THE FOLLOWING) :

(1) 80,000 pounds for any vehicle or combination of vehicles on all *state trunk highways* as defined in section 160.02, subdivision 2, and for all routes designated under section 169.832, subdivision 11; and

(2) 73,280 pounds for any vehicle or combination of vehicles with five axles or less on all routes, *other than state trunk highways and routes that are* (NOT) designated under section 169.832, subdivision 11; and

(3) 80,000 pounds for any vehicle or combination of vehicles with six or more axles on all routes, *other than state trunk highways and routes that are* (NOT) designated under section 169.832, subdivision 11 (;).

(d) The maximum weights specified in this subdivision for five consecutive axles shall not apply to a combination of vehicles

that includes a three axle semi-trailer first registered before August 1, 1981. All other weight limitations in this section are applicable (;).

(e) The maximum weights specified in this subdivision for five consecutive axles shall not apply to a four axle ready mix concrete truck which was equipped with a fifth axle prior to June 1, 1981. The maximum gross weight on four or fewer consecutive axles of vehicles excepted by this clause shall not exceed any maximum weight specified for four or fewer consecutive axles in this subdivision.

Sec. 9. Minnesota Statutes 1984, section 169.825, subdivision 11, is amended to read:

Subd. 11. [GROSS WEIGHT SEASONAL INCREASES.]

(a) The limitations provided in this section are increased:

(1) by ten percent from January 1 to March 7 each winter, statewide;

(2) by ten percent from December 1 through December 31 each winter in the zone bounded as follows: beginning at Pigeon River in the northeast corner of Minnesota; thence in a south-westerly direction along the north shore of Lake Superior along Trunk Highway No. 61 to the junction with Trunk Highway No. 210; thence westerly along Trunk Highway No. 210 to the junction with Trunk Highway No. 10; thence northwesterly along Trunk Highway No. 10 (TO THE JUNCTION WITH TRUNK HIGHWAY NO. 59; THENCE NORTHERLY ALONG TRUNK HIGHWAY NO. 59 TO THE JUNCTION WITH TRUNK HIGHWAY NO. 2; THENCE WESTERLY ALONG TRUNK HIGHWAY NO. 2 TO THE JUNCTION WITH TRUNK HIGHWAY NO. 32; THENCE NORTHERLY ALONG TRUNK HIGHWAY NO. 32 TO THE JUNCTION WITH TRUNK HIGHWAY NO. 11; THENCE NORTHEAST ALONG TRUNK HIGHWAY NO. 11 TO THE EAST LINE OF RANGE 43W) to the Minnesota-North Dakota border; thence northerly along that border to the Minnesota-Canadian Border; thence easterly along said Border to Lake Superior; and

(3) by ten percent from October 1 to November 30 each year for the movement of sugar beets and potatoes from the field of harvest to the point of the first unloading. The commissioner shall not issue permits under this clause if to do so will result in a loss of federal highway funding to the state.

(b) The duration of a ten percent increase in load limits is subject to limitation by order of the commissioner, subject to implementation of springtime load restrictions, or March 7.

(c) When the ten percent increase is in effect, a permit is required for a motor vehicle, trailer, or semitrailer combination

that has a gross weight in excess of 80,000 pounds, and axle group weight in excess of that prescribed in subdivision 10, or a single axle weight in excess of 20,000 pounds and which travels on interstate routes.

(d) In cases where gross weights in an amount less than that set forth in this section are fixed, limited, or restricted on a highway or bridge by or under another section of this chapter, the lesser gross weight as fixed, limited, or restricted may not be exceeded and must control instead of the gross weights set forth in this section.

(e) Notwithstanding any other provision of this subdivision, no vehicle may exceed a total gross vehicle weight of 80,000 pounds on routes which have not been designated by the commissioner under section 169.832, subdivision 11.

Sec. 10. Minnesota Statutes 1984, section 169.832, is amended by adding a subdivision to read:

Subd. 13. [RESTRICTIONS ON TRUCK HIGHWAYS.]

(a) *For purposes of this section a "market artery" is a trunk highway or segment thereof that:*

(i) connects significant centers of population or commerce;

(ii) connects highways described in clause (i);

(iii) provides access to a transportation terminal; or

(iv) provides temporary emergency service to a particular shipping or receiving point on a market artery.

(b) The commissioner may impose seasonal load restrictions under section 169.87 on a market artery only after giving 30 days' notice to the chairs of the transportation and appropriations committees of the house of representatives, and the chairs of the transportation and finance committees of the senate. The commissioner shall provide with each notice a plan to improve the market artery within the next three years so that seasonal load restrictions will not be necessary on it.

(c) The commissioner shall adopt rules under chapter 14 defining "significant centers of population and commerce" and "temporary emergency service" for purposes of this section. In drafting the rules, the commissioner shall consult with major highway users, representatives of manufacturing, retail trade and agriculture, local government and regional development commissions. The commissioner shall consider the importance of manufacturing, retailing, agriculture and natural resources in promulgating the rule, and shall hold at least four public meetings in various parts of the state prior to preparing the final

draft of the rule. Between the effective date of this section and the effective date of the rule, "significant centers of population and commerce" means all home rule charter or statutory cities that had total retail sales of at least \$50,000,000 as reported in the 1982 census of retail trade of the United States department of commerce.

Sec. 11. Minnesota Statutes 1984, section 169.86, subdivision 2, is amended to read:

Subd. 2. [REQUIRED INFORMATION.] The application for (ANY SUCH) a permit shall specifically describe *in writing* the vehicle or vehicles and loads to be moved and the particular highways (FOR WHICH PERMIT TO SO USE IS REQUESTED,) and (THE) period of time for which (SUCH) a permit is requested.

Sec. 12. Minnesota Statutes 1984, section 169.86, subdivision 5, is amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under his jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) \$15 for each single trip permit.

(b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight and dimension.

(c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) refuse compactor vehicles that carry a gross weight up to but not in excess of 22,000 pounds on a single rear axle and not in excess of 38,000 pounds on a tandem rear axle;

(2) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;

(3) motor vehicles which travel on interstate highways and carry loads authorized under subdivision 1a;

(4) motor vehicles operating with gross weights authorized under section 169.825, subdivision 11, paragraph (a), clause (3).

(d) \$120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

- (1) truck cranes;
- (2) construction equipment, machinery, and supplies;
- (3) manufactured homes;
- (4) farm equipment when the movement is not made according to the provisions of section 169.80, subdivision 1, paragraphs (a) to (f);
- (5) double-deck buses;
- (6) commercial boat hauling.

(e) for vehicles which have axle weights exceeding the weight limitations of section 169.825, an additional cost added to the fees listed above. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limitations on axles	Cost Per Mile For Each Group Of:		
	Two consecutive axles spaced within 8 feet or less	Three consecutive axles spaced within 9 feet or less	Four consecutive axles spaced within 14 feet or less
0- 2,000	.100	.040	.036
2,001- 4,000	.124	.050	.044
4,001- 6,000	.150	.062	.050
6,001- 8,000	Not permitted	.078	.056
8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128

18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

(f) As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, construction equipment, machinery, and supplies. The fees for the permit are as follows:

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	\$200.00
90,001-100,000	\$300.00
100,001-110,000	\$400.00
110,001-120,000	\$500.00
120,001-130,000	\$600.00
130,001-140,000	\$700.00
140,001-145,000	\$800.00

If the gross weight of the vehicle is more than (140,000) 145,000 pounds the permit fee is determined under paragraph (e).

(g) for vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to \$120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

Sec. 13. Minnesota Statutes 1985 Supplement, section 169.862, is amended to read:

169.862 [PERMITS FOR WIDE LOADS OF BALED AGRICULTURAL PRODUCTS.]

The commissioner of transportation with respect to highways under the commissioner's jurisdiction, and local authorities with respect to highways under their jurisdiction, may issue an annual permit to enable a vehicle carrying round bales of (AGRICULTURAL PRODUCTS) *hay, straw, or cornstalks*, with a total outside width of the vehicle or the load not exceeding 11-1/2 feet, to

be operated on public streets and highways. Permits issued under this section are governed by the applicable provisions of section 169.86 except as otherwise provided herein and, in addition, carry the following restrictions:

(a) The vehicles may not be operated between sunset and sunrise, when visibility is impaired by weather, fog, or other conditions rendering persons and vehicles not clearly visible at a distance of 500 feet, or on Sunday from noon until sunset, or on the days the following holidays are observed: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

(b) The vehicles may not be operated on interstate highways.

(c) The vehicles may not be operated on a trunk highway with a pavement less than 24 feet wide.

(d) A vehicle operated under the permit must be equipped with a retractable or removable mirror on the left side so located that it will reflect to the driver a clear view of the highway for a distance of at least 200 feet to the rear of the vehicle.

(e) A vehicle operated under the permit must display red, orange, or yellow flags, 18 inches square, as markers at the front and rear and on both sides of the load. The load must be securely bound to the transporting vehicle.

(f) *Farm vehicles not for hire carrying round baled hay less than 20 miles are exempt from the requirement to obtain a permit. All other requirements of this section apply to vehicles transporting round baled hay.*

The fee for the permit is \$24.

ARTICLE 14

RAILROAD PROPERTY FIRST REFUSAL

Section 1. [222.631] [DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of sections 1 to 3, the following terms have the meanings given them.

Subd. 2. [FAIR MARKET VALUE.] "Fair market value" means the price negotiated between the parties under section 2, or the market value of the property minus the value of any leasehold improvements, as determined by independent appraisers.

Subd. 3. [LEASEHOLDER.] "Leaseholder" means a person who holds a lease, license, or permit with respect to property

within a right-of-way, and who has erected eligible leasehold improvements on the property with a total fair market value of \$7,500 or more.

Subd. 4. [RAILROAD INTEREST.] "Railroad interest" includes a railroad corporation, its trustee or successor in interest, a railroad corporation which is in proceedings for bankruptcy under federal law, and a nonrailroad holding corporation that owns a controlling interest in a railroad.

Subd. 5. [RIGHT-OF-WAY.] "Right-of-way" has the meaning given it in section 222.63, subdivision 1.

Sec. 2. [222.632] [RIGHT OF FIRST REFUSAL.]

A railroad interest that is in bankruptcy proceedings may not sell or offer for sale an interest in real property that is within the right-of-way, and a railroad interest that is abandoning a railroad line may not sell or offer for sale an interest in real property within the right-of-way to be abandoned, unless it first extends a written offer to sell that interest at a fair market value price to each person who is a leaseholder with respect to the property. Leaseholders must respond to the offer within 60 days of receipt of the notice and the railroad interest must negotiate in good faith with an interested leaseholder for a period of 90 days following the leaseholder's response. After the 90-day negotiation period, either party may file a notice of dispute with the board under section 3. The property may not be sold to a party other than the leaseholder during the response and negotiation periods or while a dispute is pending before the board. This section does not apply to a sale of an entire operating railroad line by one operating railroad to another for the purpose of operating a railroad.

Sec. 3. [222.633] [TRANSPORTATION REGULATION BOARD TO RESOLVE DISPUTES.]

(a) A railroad interest or leaseholder may apply to the transportation regulation board to resolve a dispute concerning fair market value or other terms arising from negotiations under section 2. The board must adopt guidelines without regard to chapter 14 to implement section 2 and this section. The guidelines must define the terms "leaseholders" and "railroad interest," establish a procedure to resolve disputes, and provide for the use of independent appraisers. Final rules must be adopted no later than 360 days from the effective date of this section.

(b) The board's decision is final for purposes of judicial review and may be reviewed in the district court for the jurisdiction where the property is located. The scope of judicial review is limited to a determination whether substantial evidence exists to support the board's decision.

Sec. 4. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 15**LANDLORD LIEN****Section 1. [514.960] [LANDLORD LIEN.]**

Subdivision 1. [LIEN; ATTACHMENT.] A person or entity that leases property for agricultural production has a lien for unpaid rent on the crops produced on the property in the crop year and on the crop products and their proceeds.

Subd. 2. [PERFECTION.] (a) To perfect a landlord lien, the lien must attach and the person or entity entitled to the lien must file a lien statement with the appropriate filing office under section 336.9-401 by 30 days after the crops become growing crops.

(b) A landlord lien that is not perfected has the priority of an unperfected security interest under section 336.9-312.

Subd. 3. [DUTIES OF FILING OFFICER.] The filing officer shall enter on the lien statement the time of day and date of filing. The filing officer shall file, amend, terminate, note the filing of a lien statement, and charge the fee for filing under this section in the manner provided by section 336.9-403 for a financing statement. A lien statement is void and may be removed from the filing system 18 months after the date of filing. The lien statement may be physically destroyed after 30 months from the date of filing.

Subd. 4. [PRIORITY.] A landlord lien has priority over all other liens or security interests in crops grown or produced on the property that was leased and the crop products and proceeds.

Subd. 5. [ENFORCEMENT OF LIEN.] The holder of a landlord lien may enforce the lien in the manner provided in sections 336.9-501 to 336.9-508, subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person leasing the property is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections 336.9-501 to 336.9-508. If a right or duty under sections 336.9-501 to 336.9-508 is contingent upon the existence of express language in a security agreement or may be waived by express language in a security agreement, the requisite language does not exist.

Subd. 6. [ENFORCEMENT ACTIONS; LIEN EXTINGUISHED.] An action to enforce a landlord lien may be

brought in district court in a county where the property is located after the lien is perfected. A lien statement may be amended, except the amount demanded, by leave of the court in the furtherance of justice. A landlord lien is extinguished if an action to enforce the lien is not brought within 18 months after the date the lien statement is filed.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 16

160 ACRE HOMESTEAD DECLARATION

Section 1. Minnesota Statutes 1984, section 510.02, is amended to read:

510.02 [AREA, HOW LIMITED.]

The homestead may include any quantity of land not exceeding (80) 160 acres, and not included in the laid out or platted portion of any city. If it be within the laid out or platted portion of such place its area shall not exceed one-half of an acre.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 17

ALTERNATIVE DISPUTE RESOLUTION

Section 1. Minnesota Statutes 1984, section 480.24, is amended by adding a subdivision to read:

Subd. 5. [NONPROFIT REGIONAL ALTERNATIVE DISPUTE RESOLUTION CORPORATION.] "Nonprofit regional alternative dispute resolution corporation" means a nonprofit corporation which trains and makes available to the public individuals who provide fact-finding, conciliation, mediation, or nonbinding or binding arbitration services.

Sec. 2. Minnesota Statutes 1984, section 480.242, subdivision 2, is amended to read:

Subd. 2. [REVIEW OF APPLICATIONS; SELECTION OF RECIPIENTS.] At times and in accordance with any procedures as the supreme court adopts in the form of court rules, applications for the expenditure of funds collected pursuant to section 480.241 shall be accepted from qualified legal services

programs or from local government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be reviewed by the advisory committee, and the advisory committee, subject to review by the supreme court, shall distribute the funds received pursuant to section 480.241, subdivision 2 to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. Subject to the provisions of subdivision 4, the funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each program, as determined by the supreme court on the basis of the 1980 national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil matters to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, or (2) *to programs for training mediators operated by nonprofit alternative dispute resolution corporations. Grants may be made pursuant to this clause only until June 30, 1987.* If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

Sec. 3. Minnesota Statutes 1984, section 572.33, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] When used in (LAWS 1984, CHAPTER 646, SECTIONS 1 TO 7) *sections 572.31 to 572.40 and section 6* the terms defined in this section have the meanings given them.

Sec. 4. Minnesota Statutes 1984, section 572.33, is amended by adding a subdivision to read:

Subd. 5. [NONPROFIT REGIONAL ALTERNATIVE DISPUTE RESOLUTION CORPORATION.] *"Nonprofit regional alternative dispute resolution corporation" has the meaning given in section 1.*

Sec. 5. Minnesota Statutes 1984, section 572.35, is amended to read:

572.35 [EFFECT OF MEDIATED SETTLEMENT AGREEMENT.]

Subdivision 1. [GENERAL.] The effect of a mediated settlement agreement shall be determined under principles of law applicable to contract. A mediated settlement agreement is not binding unless it contains a provision stating that it is binding and a provision stating substantially that the parties were advised in writing that (a) the mediator has no duty to protect their interests or provide them with information about their legal rights; (b) signing a mediated settlement agreement may adversely affect their legal rights; and (c) they should consult an attorney before signing a mediated settlement agreement if they are uncertain of their rights.

Subd. 2. [DEBTOR AND CREDITOR MEDIATION.] In addition to the requirements of subdivision 1, a mediated settlement agreement between a debtor and creditor is not binding until 72 hours after it is signed by the debtor and creditor, during which time either party may withdraw consent to the binding character of the agreement.

Sec. 6. [572.41] [DEBTOR AND CREDITOR MEDIATION.]

Subdivision 1. [GENERAL.] The debtor and creditor in any transaction may request the other party to the transaction to enter mediation concerning possible adjustment, refinancing, or payment under this section and sections 572.31 to 572.40.

Subd. 2. [MEDIATORS.] An individual who meets the qualifications established under subdivision 5 and who is willing to mediate in matters involving debtors and creditors may register with a nonprofit regional alternative dispute resolution corporation or, in a county where one does not exist, with the court administrator. The court administrator shall develop a list of mediators available in the county. It is desirable but not necessary that mediators under this section have knowledge of debtor and creditor law and relevant areas of finance. A mediator must not mediate a matter involving a debtor or creditor with whom the mediator has or has had a credit relationship.

Subd. 3. [REQUEST FOR MEDIATOR.] A debtor and creditor who agree to mediate may submit a written request for referral to a mediator to the court administrator in the county where either party resides or has a place of business. The court administrator shall assign a mediator from the list developed under subdivision 2. The court administrator may charge a fee for the referral not to exceed the conciliation court fee in that county.

Subd. 4. [COMPENSATION.] Prior to commencing mediation the debtor and creditor shall agree with each other and the mediator on the amount and allocation between them of any fee for the mediator's services.

Subd. 5. [RULES.] The state court administrator, in consultation with the bureau of mediation services, shall adopt rules to implement this section and may use portions of existing rules on certification of alternative dispute resolution programs that satisfy the purposes of this section. The rules must include qualifications of mediators under this section and grounds for challenging and removing mediators.

Sec. 7. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 18

WILD RICE LAND

Section 1. Minnesota Statutes 1985 Supplement, section 92.50, subdivision 1, is amended to read:

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

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

Sec. 2. Minnesota Statutes 1985 Supplement, section 92.501, subdivision 1, is amended to read:

92.501 [LEASING OF PEAT LANDS FOR WILD RICE FARMING.]

Subdivision 1. [AUTHORITY TO LEASE.] The commissioner of natural resources *in consultation with the commissioner of agriculture* may, at a public or private lease sale and at the prices and under the terms and conditions the (COMMISSIONER) *commissioners* may prescribe, lease any state-owned lands under the commissioner's jurisdiction and control for the purpose of farming of wild rice. *Priority must be given to lands which are accessible and adjacent to existing wild rice production areas and requested for leasing by wild rice producers.* The term of a lease under this section (SHALL) *must* be offered for a minimum of 20 years but may be for a shorter period at the option of the lessee. *If a lease is issued prior to the adoption of the rules for the implementation of this section and for a period of less than 20 years, the lease must be converted to a minimum 20-year lease after the rules have been adopted, at the option of the lessee. Leases must be accepted or denied within 60 days of application. If a lease is denied, written notice must be given stating reasons for denial.* The lease rate (SHALL) *must* be adjusted every five years to reflect market values. The money received from the leases under this section (SHALL) *must* be credited to the account that receives the proceeds of a sale of the land.

Sec. 3. Minnesota Statutes 1985 Supplement, section 92.501, subdivision 2, is amended to read:

Subd. 2. [WILD RICE LAND DESIGNATION AND DEVELOPMENT.] The commissioner of natural resources *and the commissioner of agriculture* shall prepare a plan *that designates state land for wild rice production* including an inventory of the number of acres of land appropriate and suitable for wild rice development and leasing in each county. *Proposed mineral exploration does not exempt land from being designated for wild rice development.*

Sec. 4. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 19**DEFICIENCY JUDGMENTS****Section 1. [LEGISLATIVE FINDINGS.]**

The legislature finds that there is a rural economic emergency resulting from the agricultural economic depression. Foreclosure sales and subsequent deficiency judgments are debilitating the people foreclosed and taking away their hope for readjustment after foreclosure, which is detrimental to the welfare of the state.

Sec. 2. [580.225] [SATISFACTION OF JUDGMENT.]

The amount received from foreclosure sale under this chapter is full satisfaction of the mortgage debt, except as provided in section 5.

Sec. 3. Minnesota Statutes 1984, section 580.23, subdivision 1, is amended to read:

580.23 [REDEMPTION BY MORTGAGOR.]

Subdivision 1. When lands have been sold in conformity with the preceding sections of this chapter the mortgagor, his personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable pursuant to section 582.03. (WHERE THE REDEMPTION PERIOD IS AS PROVIDED IN THIS SUBDIVISION THE MORTGAGEE, OR HIS SUCCESSORS, ASSIGNS, OR PERSONAL REPRESENTATIVE, OR ANY OTHER PURCHASER SO PURCHASING AT THE SHERIFF'S SALE SHALL BY PURCHASING THE PROPERTY AT THE SHERIFF'S SALE THEREBY WAIVE HIS RIGHT TO A DEFICIENCY JUDGMENT AGAINST THE MORTGAGOR.)

Sec. 4. Minnesota Statutes 1984, section 581.09, is amended to read:

581.09 [SATISFACTION OF JUDGMENT (; EXECUTION FOR DEFICIENCY).]

Upon confirmation of the report of sale, the clerk shall enter satisfaction of the judgment to the extent of the sum bid for the premises, less expenses and costs (, AND FOR ANY BALANCE OF SUCH JUDGMENT, EXECUTION MAY ISSUE AS IN OTHER CASES; BUT NO SUCH EXECUTION SHALL ISSUE ON THE JUDGMENT UNTIL AFTER A SALE OF THE MORTGAGED PREMISES, AND THE APPLICATION OF THE AMOUNT REALIZED AS AFORESAID). *The amount entered is full satisfaction of the judgment unless a deficiency is allowed under section 5. If a deficiency judgment is allowed under section 5, the balance of the judgment remaining unpaid may be executed and satisfied in the same manner as a personal judgment against the mortgagor.*

Sec. 5. [582.30] [DEFICIENCY JUDGMENTS.]

Subdivision 1. [DEFICIENCY ALLOWED.] (a) Except as provided in this section, a person holding a mortgage may ob-

tain a deficiency judgment against the mortgagor if the amount a person holding a mortgage receives from a foreclosure sale is less than:

(1) the amount remaining unpaid on the mortgage under chapter 580; or

(2) the amount of the judgment entered under chapter 581.

(b) Except as provided in subdivision 3, the judgment may not be for more than the difference between the amount received from the foreclosure sale less expenses and costs and:

(1) for a foreclosure by advertisement, the total amount that attaches to the sale proceeds under chapter 580; or

(2) for a foreclosure by action, the amount of the judgment entered under chapter 581.

Subd. 2. [GENERAL PROHIBITION FOR PROPERTY WITH A SIX-MONTH REDEMPTION PERIOD.] A deficiency judgment is not allowed if a mortgage is foreclosed by advertisement under chapter 580, and has a redemption period of six months under section 580.23, subdivision 1.

Subd. 3. [MORTGAGE ON AGRICULTURAL PROPERTY ENTERED AFTER THE EFFECTIVE DATE OF THIS ARTICLE.] (a) If a mortgage entered after the effective date of this article on property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.

(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.

Subd. 4. [JUDGMENT ON MORTGAGE NOTE.] A personal judgment may not be executed against a mortgagor liable on a mortgage note entered after the effective date of this article secured by real property used in agricultural production, unless

the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 3, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.

Subd. 5. [MORTGAGE ON AGRICULTURAL PROPERTY ENTERED ON OR BEFORE THE EFFECTIVE DATE OF THIS ARTICLE.] *(a) If a mortgage entered on or before the effective date of this article on property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.*

(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.

Subd. 6. [JUDGMENT ON MORTGAGE NOTE.] *A personal judgment may not be executed against a mortgagor liable on a mortgage note entered on or before the effective date of this article secured by real property used in agricultural production, unless the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 5, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.*

Subd. 7. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.] *A deficiency judgment or personal judgment obtained to enforce a mortgage debt on property used in agricultural production may be enforced by execution, but the judgment may not be executed after three years from the date judgment was entered.*

Subd. 8. [POSTPONEMENT ON EXECUTING JUDGMENTS ON OR BEFORE THE EFFECTIVE DATE OF THIS ARTICLE.] *For a mortgage on property used in agricultural production entered on or before the effective date of this article, a deficiency judgment or personal judgment to enforce the mortgage debt may not be executed on real or personal property used*

for agricultural production until one year after the effective date of this article.

Subd. 9. [ATTACHMENT OF JUDGMENT AFTER JUDGMENT IS ENTERED.] *A deficiency judgment or personal judgment obtained to enforce a mortgage debt on property used in agricultural production does not attach to real or personal property that is acquired by the mortgagor or debtor after the judgment is entered.*

Sec. 6. [582.31] [ONE ACTION ALLOWED TO ENFORCE AGRICULTURAL MORTGAGE.]

(a) For a mortgage on property used in agricultural production entered into on or before the effective date of this article, the mortgagee may only proceed to:

(1) obtain a personal judgment for the debt owed on the note secured by the mortgage and execute on the judgment; or

(2) foreclose the mortgage and obtain a deficiency judgment, if allowed.

(b) An action under paragraph (a), either clause (1) or (2), bars an action under the other clause.

Sec. 7. [EFFECTIVE DATE.]

This article is effective the day after final enactment.

ARTICLE 20

RIGHT OF FIRST REFUSAL

Section 1. *Minnesota Statutes 1984, section 500.24, is amended by adding a subdivision to read:*

Subd. 6. [DISPOSAL OF LAND.] *A state or federal agency or a corporation, other than a family farm corporation or an authorized farm corporation, when leasing or selling farm land or a farm homestead, must offer or make a good faith effort to offer land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. An offer delivered by certified mail to the former owner's last known address is a good faith offer. This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for five years.*

The former owner must exercise the right to lease farm land within 30 days after receiving an offer to lease under this subdivision. The former owner must exercise the right to buy farm

land within 90 days after receiving an offer to buy under this subdivision.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 21

INVOLUNTARY FARM TRANSFER INCOME EXCLUSION

Section 1. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

(11) to the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause (6) apply and an amount subtracted under this clause may not be subtracted under clause (6); and

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

(13) to the extent included in federal adjusted gross income, income related to disposition of property used in a family farm business as provided by section 290.08, subdivision 27.

Sec. 2. Minnesota Statutes 1984, section 290.08, is amended by adding a subdivision to read:

Subd. 27. [FARM PROPERTY DISPOSITION INCOME.] For a person, a family farm corporation, or an authorized farm corporation, gross income does not include any gain realized upon termination of a contract for deed, foreclosure of a mortgage, or deed in lieu of foreclosure if a foreclosure proceeding has been initiated or threatened in writing on real or personal property used in a farm business that was owned and operated by the taxpayer as the taxpayer's principal business. For the purposes of this subdivision, real property includes any dwellings located on the property. This modification does not apply to any net cash proceeds distributed to the taxpayer after discharge of the debt. For purposes of this subdivision "family farm corporation" and "authorized farm corporation" are as defined in section 500.24, subdivision 2, except that the term "farming" as used in those definitions includes the production of livestock, dairy animals or dairy products, poultry or poultry products, fur-bearing animals, horticultural and nursery stock that is covered by sections 18.44 to 18.61, fruit, vegetables, forage, grain, and bees and apiary products.

Sec. 3. Minnesota Statutes 1985 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal adjusted gross income as defined in the Internal Revenue Code;

(2) the taxpayer's federal tax preference items; less the sum of

(i) interest income as defined in section 290.01, subdivision 20b, clause (1); and

(ii) the amount of interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed qualified net investment income, as defined in section 55(e)(5) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income or amounts that are not allowable under section 55(e)(8) of the Internal Revenue Code; and

(iii) *to the extent included in the taxpayer's federal adjusted gross income, gain excluded from gross income under section 290.01, subdivision 20b, clause (13).*

In the case of an estate or trust, adjusted gross income must be modified as provided in section 55(e)(6)(B) of the Internal Revenue Code.

(b) "Federal tax preference items" means items as defined in sections 57, 58, and 443(d) of the Internal Revenue Code, modified as follows:

(1) The capital gain preference item shall be reduced

(i) where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes; and

(ii) *to the extent it includes gain excluded from gross income under section 290.01, subdivision 20b, clause (13).*

(2) In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

(3) Federal preference items from the business of mining or producing iron ore and other ores which are subject to the occupation tax and exempt from taxation under section 290.05, subdivision 1, shall not be a preference item for Minnesota.

(4) Other federal preference items to the extent not allowed in the computation of Minnesota gross income, as determined by the commissioner, are not preference items for Minnesota.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section), reduced by the sum of the nonrefundable credits allowed under this chapter.

Sec. 4. Minnesota Statutes 1985 Supplement, section 290.491, is amended to read:

290.491 [TAX ON GAIN; DISCHARGE IN BANKRUPTCY.]

(a) Any tax due under this chapter on a gain realized on a forced sale pursuant to foreclosure of a mortgage or other

security interest in agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be a dischargeable debt in a bankruptcy proceeding under United States Code, title 11, section 727.

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

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

Sec. 5. [AMENDED RETURNS.]

Subdivision 1. [SPECIAL RULES.] An amended return filed on the basis of this article for a taxable year beginning after December 31, 1982, and before January 1, 1985, shall be filed no later than June 30, 1987. Such a return may include a reduction in gross income to effect subtraction of any amount added to gross income for that year pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (3), if the increase in the federal tax liability was a result of recapture of the investment tax credit attributable to disposition of property described in section 2. Any reduction in income arising from a farm pursuant to this article shall not be considered in the computation of the farm loss modification under Minnesota Statutes 1984, section 290.09, subdivision 29, in an amended return. On an amended return for a taxable year beginning after December 31, 1982, and before January 1, 1985, the minimum tax imposed under Minnesota Statutes 1984, section 290.091, shall be computed by subtracting from federal preference items the amount of any gain excluded from gross income under

section 290.01, subdivision 20b, clause (13), that was included in the taxpayer's federal preference items in that taxable year.

Subd. 2. [PAYMENT OF REFUNDS.] The commissioner of revenue shall pay refunds to claimants who file amended returns based on this article notwithstanding expiration of the period of limitations in Minnesota Statutes, section 290.50, or any other law. No interest will be paid on refunds paid on claims filed for periods for which the statute of limitations had expired.

Sec. 6. [EFFECTIVE DATE.]

Sections 1, 2, and 4 are effective for taxable years beginning after December 31, 1982. Section 3 is effective for taxable years beginning after December 31, 1984.

ARTICLE 22

FARM ADVOCATE ETHICAL GUIDELINES

Section 1. [17.039] [ETHICAL GUIDELINES FOR FARM ADVOCATES.]

The commissioner of agriculture shall establish not later than August 1, 1986, ethical guidelines for farm advocates who perform the duties of an advocate. The ethical guidelines must be part of the contract with each advocate.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 23

FARM LOAN INTEREST BUY-DOWN

Section 1. [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 9.

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

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

Subd. 4. [COMMISSIONER'S INTEREST INDEX.] "Commissioner's interest index" means an interest rate that is three percent above the current lending rate of the Federal Interest Credit Bank to production credit associations as certified each month by the commissioner.

Subd. 5. [ELIGIBLE BORROWER.] "Eligible borrower" means a farmer who applies to a lender for a farm operating loan between the dates January 1, 1986, and December 30, 1986, and who meets all qualifications established in section 2 and any further qualifications that may be established in the program guidelines adopted by the commissioner under section 4, subdivision 1.

Subd. 6. [FARM OPERATING LOAN.] "Farm operating loan" means an original, extended, or renegotiated loan or line of credit obtained by a farmer from a lender for the purpose of financing the operations of a farm. A farm operating loan includes an open line of credit even though the maximum principal amount of the line of credit may not be drawn at any one time. A farm operating loan eligible for interest rate buy-down must have a maturity date of June 30, 1987, or earlier.

Subd. 7. [FARMER.] "Farmer" means a state resident or a domestic family farm corporation as defined in section 500.24, subdivision 2, operating a farm within the state.

Subd. 8. [INTEREST RATE BUY-DOWN; BUY-DOWN.] "Interest rate buy-down" or "buy-down" means a reduction in the effective interest rate on a farm operating loan made pursuant to sections 1 to 9 to an eligible borrower due to partial payment of interest costs by the commissioner and partial payment of interest costs by the participating lender.

Subd. 9. [LENDER.] "Lender" means a bank, a credit union, or a savings and loan association chartered by the state or federal government, a unit of the farm credit system, the federal deposit insurance corporation, and other financial institutions that the commissioner deems appropriate.

Subd. 10. [PARTICIPATING LENDER.] "Participating lender" means a lender who has been granted participating lender status by the commissioner.

Sec. 2. [FARMER ELIGIBILITY.]

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

Subd. 2. [ASSESSMENT OF CONTINUED VIABILITY.] *Only a farmer determined by the lender to have a reasonable opportunity for long-term financial viability in the farmer's current farm operation is an eligible borrower. A determination of financial viability by a lender is deemed to be reasonable and accurate without further audit or substantiation.*

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

Sec. 3. [LENDER ELIGIBILITY.]

Subdivision 1. [ELIGIBLE PARTICIPATING LENDER STATUS.] *A lender who meets all requirements established by the commissioner must be certified as a participating lender.*

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

Sec. 4. [RESPONSIBILITIES OF THE COMMISSIONER.]

Subdivision 1. [ADOPTION OF PROGRAM GUIDELINES.] *Within 30 days after the effective date of sections 1 to 9, the commissioner shall adopt and make available to any interested party guidelines for the interest rate buy-down program established in sections 1 to 9. To the maximum extent practicable, the commissioner shall adopt guidelines that coordinate the state program with any federal farm financial relief program and make benefits of the state interest rate buy-down program additive to the federal program. The commissioner may adopt program guidelines without regard to chapter 14.*

Subd. 2. [PREPARATION AND DISTRIBUTION OF LENDER PARTICIPATION FORMS.] *The commissioner shall prepare and distribute to all lenders in the state forms and instructions for the program.*

Subd. 3. [PREPARATION AND DISTRIBUTION OF LOAN APPLICATION FORMS.] *The commissioner shall pre-*

pare and distribute to all participating lenders forms and instructions to be used in applying for state interest rate buy-down payments.

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

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

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

Sec. 5. [FARMER APPLICATION FOR INTEREST RATE BUY-DOWN.]

A participating lender must receive and evaluate loan applications from any farmer who has transacted farm-related borrowing with the lender within the prior three years or from a farmer who has not previously established farm-related borrowing or whose previous lender is no longer in the business of making farm-related loans. The participating lender may use criteria beyond those in section 2 in determining whether to make a farm operating loan to a farmer.

Sec. 6. [APPLICATION BY PARTICIPATING LENDERS.]

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

Sec. 7. [MAXIMUM INTEREST RATE.]

To qualify for interest rate buy-down payments, a participating lender must offer to make a farm operating loan to an eligible borrower at a rate of interest equivalent to that offered to other farmers having similar security and financial status but in no case may the interest rate exceed the current commissioner's interest index. The commissioner may use appropriate means to verify that the operating loan interest rate available to an eligible borrower is substantially the same as that available to other borrowers.

Sec. 8. [STATE CONTRIBUTION TO INTEREST BUY-DOWN.]

As provided in section 4, subdivision 6, the commissioner shall pay to a participating lender for the first \$100,000 of a farm operating loan made to an eligible borrower an amount equivalent to 37.5 percent of the contract interest to be paid during the term of the farm operating loan.

Sec. 9. [LENDER CONTRIBUTION TO INTEREST BUY-DOWN.]

A participating lender must provide a reduction in interest rate for the first \$100,000 of a farm operating loan made to an eligible borrower in an amount equivalent to 12.5 percent of the contract interest rate to be paid during the term of the farm operating loan.

Sec. 10. [EXISTING RESTRUCTURING PROGRAM; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 10 to 12.

Subd. 2. [CLASSIFIED FARM LOAN.] "Classified farm loan" means a farm loan that the lender determines to have a substantial risk of nonpayment, so that the lender is likely to sus-

tain some loss if the borrower's paying capacity, net worth, or collateral is not improved. The loan need not already have been classified by a bank examiner.

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

Subd. 4. [COMMISSIONER'S INTEREST INDEX.] "*Commissioner's interest index*" means an interest rate that is 2.3 percent above the current lending rates of the federal intermediate credit bank to production credit associations as certified each month by the commissioner.

Subd. 5. [FARMER.] "*Farmer*" means a state resident individual, or a domestic family farm corporation defined in Minnesota Statutes, section 500.24, engaged in the business of farming property in this state.

Subd. 6. [FARMERS HOME ADMINISTRATION.] "*Farmers home administration*" means the farmers home administration of the United States Department of Agriculture.

Subd. 7. [FARM LOAN.] "*Farm loan*" means a loan for operating expenses or the purchase of property for a farm business.

Subd. 8. [LENDER.] "*Lender*" means a bank, savings and loan association, or credit union chartered by the state or federal government, a farm credit system lender, and the Federal Deposit Insurance Corporation.

Sec. 11. [QUALIFICATION OF LENDERS.]

(a) To qualify for an interest payment under sections 10 to 12, a lender must first sign an agreement with the commissioner to follow the guidelines.

(b) A lender may not foreclose on a farm loan of a farmer who has had a loan application submitted to the farmers home administration under section 12 until (1) the lender certifies to the commissioner that the farmer's loans have been submitted to the farmers home administration for debt restructuring and that the loan debt restructuring has been approved or denied, or (2) 90 days have expired, whichever is earlier.

(c) The commissioner may not make an interest payment to a lender for a loan under sections 10 to 12, if the lender has foreclosed the loan.

Sec. 12. [INTEREST PAYMENT PROGRAM ON EXISTING FARM LOANS.]

Subd. 1. [COMMISSIONER PAYS INTEREST.] The commissioner shall pay the interest attributable to the first 60 days of a 120-day period, on the first \$25,000 of operating farm loans and the first \$25,000 of ownership farm loans of each borrower submitted by a lender that signs an agreement under section 11 to the farmers home administration for loan guarantees and debt restructuring.

Subd. 2. [INTEREST.] The interest to be paid is the amount that becomes attributable to the first 60-day period after the lender signs the agreement with the commissioner under section 11. The amount to be paid is determined by the loan agreement between the lender and the borrower.

Subd. 3. [CLASSIFIED FARM LOAN REVIEW.] During the first 60 days of the 120-day period after the agreement with the commissioner in section 11 is signed, the lender must review all classified farm loans and determine which farm loans the lender will submit to the farmers home administration for loan guarantees and debt restructuring.

Subd. 4. [LENDER-BORROWER AGREEMENT.] For each farm loan that the lender submits to the farmers home administration for loan guarantees and debt restructuring, the lender and the borrower of the farm loan must sign an agreement. The agreement must:

(1) state that the lender has agreed with the commissioner not to foreclose on farm loans submitted, as specified in section 11;

(2) state that the commissioner will pay the interest attributable to the eligible portion of the farm loan submitted to the farmers home administration for the first 60 days of the 120-day period if the lender qualifies for state interest payment;

(3) state that the borrower is not liable for interest paid by the commissioner;

(4) provide that if the lender qualifies for state interest payments, the lender will assume responsibility for the interest attributable to the eligible portion of the farm loan submitted and the borrower is not liable for the interest except as provided in clause (5); and

(5) provide that if the borrower agrees to have the farm loan submitted and the farmers home administration guarantees the loan, the lender may add the interest attributable to the second 60 days of the period to the principal of the borrower's farm loan.

Subd. 5. [PAYMENT APPLICATION.] The lender must apply to the commissioner for the 60-day state interest payment

on a farm loan that is submitted to the farmers home administration. The lender must give the commissioner evidence of the farm loan submitted to the farmers home administration guaranteed loan program and application for the farmers home administration approved lenders program. A lender that complies with this section is qualified to receive payment from the commissioner.

Sec. 13. [ELIGIBLE FARM OPERATING LOANS.]

Notwithstanding Laws 1985, chapter 4, as amended by Laws 1985, chapter 114, a farm operating loan due and payable by April 1, 1986, and is otherwise eligible for the state interest payment and the commissioner of commerce shall make the payment if the loan was submitted by December 31, 1985.

Sec. 14. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 24

TANK SAFETY

Section 1. Minnesota Statutes 1985 Supplement, section 221.033, subdivision 3, is amended to read:

Subd. 3. [VARIANCE, RULES.] The commissioner shall adopt rules which provide a procedure for granting a variance from those regulations adopted under subdivision 1 which prescribe specifications for tank motor vehicles used to transport gasoline. The variance may be granted only (TO PERSONS WHO TRANSPORT GASOLINE IN) *for tank motor vehicles with a capacity of 3,000 gallons or less which are used to transport gasoline and were designed and manufactured between 1950 and 1975 (ACCORDING TO AMERICAN SOCIETY OF MECHANICAL ENGINEERS SPECIFICATIONS IN EFFECT AT THE TIME OF MANUFACTURE) to transport petroleum products.* The commissioner shall prescribe alternative requirements to assure the safety of the tank motor vehicles operated under the variance, and shall register each tank motor vehicle operated under the variance.

ARTICLE 25

PRIORITY LIEN STUDY

Section 1. [PRIORITY LIEN STUDY.]

The chairs of the house agriculture committee and the senate agriculture and natural resources committee shall each appoint

eight members to a joint interim legislative committee to study priority liens on agricultural products and the impact of restricting short sales of raw agricultural products. At least three members from each political party must be represented by each house. The joint committee shall submit a written report to the legislature by December 15, 1986.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day after final enactment.

ARTICLE 26

SOIL AND WATER PURIFICATION TEST

Section 1. [116.54] [INJECTION OF CERTAIN MATERIALS.]

Subdivision 1. [POLLUTION CONTROL AGENCY TO AUTHORIZE, MONITOR.] The pollution control agency shall authorize and may monitor not less than one or more than five projects to test the controlled injection of oxygen-bearing materials and appropriate microbiological systems into sites of water or soil contamination. An applicant for authority to conduct one of the tests shall describe to the agency plans for the test injection project including at least the following:

(1) the quantity and type of chemicals and microbes to be used in the injection project;

(2) the frequency and planned duration of the injections;

(3) test monitoring and evaluation equipment that will be maintained at the site; and

(4) procedures for recording, analyzing, and maintaining information on the injection project.

The applicant shall make available to the agency all significant test results from the injection project. Trade secret information, as defined in section 13.37, made available by an applicant is classified as nonpublic data, pursuant to section 13.02, subdivision 9, or private data on individuals, pursuant to section 13.02, subdivision 12.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 27

DITCH CONSERVATION

Section 1. Minnesota Statutes 1985 Supplement, section 160.232, is amended to read:

160.232 [MOWING DITCHES OUTSIDE CITIES.]

Road authorities may not mow *or till* the right-of-way of a highway located outside of a home rule charter or statutory city except as allowed in this section and section 160.23.

(a) On any highway, the first eight feet away from the road surface, or shoulder if one exists, may be mowed at any time.

(b) An entire right-of-way may be mowed after July 31. From August 31 to the following July 31, the entire right-of-way may only be mowed if necessary for safety reasons, and may not be mowed to a height of less than 12 inches.

(c) A right-of-way may be mowed as necessary to maintain sight distance for safety and may be mowed at other times under rules of the commissioner, or by resolution of a local road authority.

(d) *A right-of-way may be mowed, burned, or tilled to prepare the right-of-way for the establishment of permanent vegetative cover or for prairie vegetation management.*

Sec. 2. Minnesota Statutes 1984, section 160.27, subdivision 5, is amended to read:

Subd. 5. [MISDEMEANORS.] Except for the actions of the road authorities, their agents, employees, contractors, and utilities in carrying out their duties imposed by law or contract, and except as herein provided, it shall be unlawful to:

(1) Obstruct any highway or deposit snow or ice thereon;

(2) Plow or perform any other detrimental operation within the road right of way except in the preparation of the land for planting (A PERENNIAL HAY CROP, AND THE HARVESTING OF SAID CROP) *permanent vegetative cover*;

(3) Erect a fence on the right of way of a trunk highway, county state-aid highway, county highway or town road, except to erect a lane fence to the ends of a livestock pass;

(4) Dig any holes in any highway; except to locate markers placed to identify sectional corner positions and private boundary corners.

- (5) Remove any earth, gravel or rock from any highway;
- (6) Obstruct any ditch draining any highway or drain any noisome materials into any ditch;
- (7) Place or maintain any building or structure within the limits of any highway;
- (8) Place or maintain any advertisement within the limits of any highway;
- (9) Paint, print, place, or affix any advertisement or any object within the limits of any highway;
- (10) Deface, mar, damage, or tamper with any structure, work, material, equipment, tools, signs, markers, signals, paving, guardrails, drains, or any other highway appurtenance on or along any highway;
- (11) Remove, injure, displace, or destroy right of way markers, or reference or witness monuments, or markers placed to preserve section or quarter section corners;
- (12) Improperly place or fail to place warning signs and detour signs as provided by law;
- (13) Drive over, through, or around any barricade, fence, or obstruction erected for the purpose of preventing traffic from passing over a portion of a highway closed to public travel or to remove, deface, or damage any such barricade, fence, or obstruction.

Violations hereof shall be prosecuted by the county attorney of the county where the violations occur. Any person convicted of such violations shall be guilty of a misdemeanor.

Sec. 3. [REPORT.]

Subdivision 1. [INVESTIGATION.] The state soil and water conservation board shall determine the length and area of drainage ditches that are required to be planted with permanent grass under section 106A.021 and prior law, and the enforcement actions taken by the commissioner of natural resources or enforcement personnel to maintain the grass strips.

Subd. 2. [COOPERATION.] The commissioner of transportation, county highway engineers, the road authorities, drainage authorities, and county auditors shall cooperate with the state soil and water conservation board in conducting the investigations.

Subd. 3. [REPORT TO LEGISLATURE.] The state soil and water conservation board shall prepare a report on the information collected under subdivision 1 and submit it to the legislature by January 15, 1987.

Sec. 4. [EFFECTIVE DATE.]

This article is effective the day after final enactment.

ARTICLE 28

AGRICULTURAL LAND PRESERVATION

Section 1. [40A.151] [MINNESOTA CONSERVATION FUND.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota conservation fund is established as an account in the state treasury. Money from counties under section 2 must be deposited in the state treasury and credited to the Minnesota conservation fund account.

Subd. 2. [USE OF FUND.] Money in the fund is annually appropriated to the commissioner of revenue to reimburse taxing jurisdictions as provided in section 3 and section 473H.10.

Sec. 2. [40A.152] [COUNTY CONSERVATION FEE; ACCOUNT.]

Subdivision 1. [FEE.] A county that has allowed exclusive agricultural zones to be created under chapter 40A, that has designated lands eligible for agricultural preserves under section 473H.04, or that has elected to become an agricultural land preservation pilot county, shall impose an additional fee of \$3 per transaction on the recording or registration of a mortgage subject to the tax under section 287.05 and an additional \$3 on the recording or registration of a deed subject to the tax under section 287.21. One-half of the fee must be deposited in a special conservation account to be created in the county general revenue fund and one-half must be transferred to the commissioner of revenue for deposit in the state treasury and credited to the Minnesota conservation fund.

Subd. 2. [USE OF ACCOUNT.] Money from the county conservation account must be spent by the county to reimburse the county and taxing jurisdictions within the county for revenue lost under the conservation tax credit under section 3 or the valuation of agricultural preserves under section 473H.10. Money remaining in the account after those payments may be spent for the following purposes:

(1) *agricultural land preservation and conservation planning and implementation of official controls under this chapter or chapter 473H;*

(2) *soil conservation activities and enforcement of soil loss ordinances;*

(3) *incentives for landowners who create exclusive agricultural use zones;*

(4) *payments to municipalities within the county for the purposes of clauses (1) to (3).*

Subd. 3. [TRANSFER TO STATE FUND.] Money in the county conservation account that is not encumbered by the county within one year of deposit in the account must be transferred to the commissioner of revenue for deposit in the Minnesota conservation fund.

Sec. 3. [273.119] [CONSERVATION TAX CREDIT.]

Subdivision 1. [ELIGIBILITY; AMOUNT OF CREDIT.] Land located in an exclusive agricultural use zone created under chapter 40A is eligible for a property tax credit of \$1.50 per acre. To qualify for the tax credit in any year the owner shall file with the assessor by June 30 of that year a record of the restrictive covenant received by the owner under section 40A.10, subdivision 3. An owner who has given notice of termination of the exclusive agricultural use zone under section 40A.11, subdivision 2, is not eligible for the credit. The assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. The credit paid pursuant to this section shall be deducted from the tax due on the property before computation of the homestead credit paid pursuant to section 273.13 and the state agricultural credit paid pursuant to section 124.2137.

Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue on or before June 1 of each year the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. On or before July 15 of each year, the commissioner shall reimburse the county from the Minnesota conservation fund under section 1 for the taxes lost in excess of the county account.

Sec. 4. Minnesota Statutes 1985 Supplement, section 473H.10, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.] (a) After the assessor has determined the market value of all land valued according to subdivision 2, he shall compute the assessed value of those properties by applying the appropriate classification percentages. When the county auditor computes the rate of tax pursuant to section 275.08, he shall include the assessed value of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times the total rate of tax for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times 105 percent of the previous year's statewide average mill rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within his county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. Payments shall be made by the state as provided in section 273.13, subdivision 15a to each of the affected taxing jurisdictions if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the (GENERAL FUND IN THE STATE TREASURY) Minnesota conservation fund under section 1 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision.

Sec. 5. [EFFECTIVE DATE.]

Section 3 is effective for taxes levied in 1987 and payable in 1988 and after. Section 4 is effective June 1, 1987.

ARTICLE 29

APPROPRIATION

Section 1. [APPROPRIATIONS.]

Subdivision 1. [LEGAL ASSISTANCE PROGRAM.] \$650,000 is appropriated from the general fund to the supreme court for the purposes of article 3, for the biennium ending June 30, 1987.

Subd. 2. [MEDIATION.] \$360,000 is appropriated from the general fund to the University of Minnesota agricultural extension service for purposes of article 1 for the biennium ending June 30, 1987.

Subd. 3. [INTEREST RATE BUY-DOWN.] \$5,000,000 is appropriated from the general fund to the commissioner of commerce for purposes of article 23 and \$75,000 of it may be spent for administrative expenses related to article 23 for the biennium ending June 30, 1987.

Subd. 4. [FAMILY FARM ADVOCATE PROGRAM.] \$300,000 is appropriated from the general fund to the commissioner of agriculture for the farm advocates program, for the biennium ending June 30, 1987.

Subd. 5. [DATA COLLECTION TASK FORCE.] \$10,500 is appropriated from the general fund to the legislative advisory commission to fund the activities of the agricultural data collection task force pursuant to article 11.

Subd. 6. [FAMILY FARM SECURITY ACT ADDITIONAL INTEREST PAYMENTS.] \$740,000 is appropriated to the commissioner of agriculture from the general fund for the biennium ending June 30, 1987 in order to make the payments required by article 8.

Subd. 7. [AVTI AND UNIVERSITY OF MINNESOTA TECHNICAL COLLEGES TUITION SUPPLEMENT.] \$1,350,000 is appropriated from the general fund to the state board of vocational technical education, for the biennium ending June 30, 1987, for the following services in proportions deemed necessary by the board to the agricultural vocational technical institutes and the University of Minnesota two-year technical colleges for:

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

(2) additional farm business management programs and workshops.

Subd. 8. [AGRICULTURAL EXTENSION SERVICE PROJECTS.] \$1,250,000 is appropriated from the general fund to the board of regents of the University of Minnesota, to be available until June 30, 1987, for the following agricultural extension service projects: voluntary mediation training, project support program, farm financial management program, family financial and stress management education, community economy development education, information exchange for sustainable farming methods including methods that decrease per unit cost of production and increase net income, and forest product marketing.

Subd. 9. [MINNESOTA RURAL FINANCE ADMINISTRATION.] \$4,802,000 is appropriated to the commissioner of finance from the general fund for purposes of article 6. Of this amount, \$4,564,000 is exclusively for debt service of bonds issued under article 6, and \$238,000 is for administrative costs. The complement of the department is increased by 5.0 positions. If the program is found to be unconstitutional, the balance of this appropriation shall be transferred to the interest buy-down program in article 23.

Subd. 10. ["FINPAC."] \$72,500 is appropriated from the general fund to the commissioner of finance to be available for grants to the Farmers Home Administration to continue the administration's FINPAC capability on the University of Minnesota's mainframe computer and to upgrade the administration's "FINPAC" farm financial analysis software for micro computers as needed to establish compatibility with "FINPAC" analyses prepared by county extension agents or adult farm management instructors. This appropriation is for the biennium ending June 30, 1987.

Subd. 11. [AGRICULTURAL EXPERIMENT STATION RESEARCH PROJECTS.] \$250,000 is appropriated from the general fund to the board of regents of the University of Minnesota for agricultural experiment station research projects relating to water quality problems associated with the application of chemical inputs in production agriculture, for the biennium ending June 30, 1987.

Subd. 12. [AGRICULTURAL EXTENSION SERVICE RETRENCHMENT.] \$115,000 is appropriated from the general fund to the board of regents of the University of Minnesota for the Minnesota extension service to offset scheduled reduction of county extension agents. It is requested that consideration be made for those counties with the greatest need for mediation services. This appropriation is for the biennium ending June 30, 1987.

Subd. 13. [SWEET SORGHUM RESEARCH.] \$60,000 is appropriated to the state board of vocational technical education for continuation of a demonstration project at the Mankato voca-

tional technical institute involving butanol and ethanol production from sweet sorghum, for the biennium ending June 30, 1987.

Subd. 14. [WILD RICE RESEARCH.] \$40,00 is appropriated from the general fund to the University of Minnesota agricultural experimental stations for wild rice research to be available until June 30, 1987, as follows:

- (a) for elimination of volunteer seeds \$10,000*
- (b) to develop plants resistant to leaf diseases 10,000*
- (c) to develop higher yielding wild rice 10,000*
- (d) acquisition and preparation of a peat
research site 5,000*
- (e) approving herbicides and pesticides that will
not affect food value of rice 5,000*

Subd. 15. [FARM LAND CAPITAL GAIN EXCLUSION.] \$1,000,000 is appropriated from the general fund to the commissioner of revenue to make the payments required in article 21, to be available for the biennium ending June 30, 1987."

Delete the title and insert:

"A bill for an act relating to agriculture; establishing the rural finance administration; authorizing the sale of state bonds; ratifying and approving an interstate compact on agricultural grain marketing; authorizing development of a plan for a memorial to Native Americans; establishing a mediation procedure; re-enacting an interest buydown program; authorizing certain deficiency judgments; prescribing a procedure to determine the amount of certain agricultural deficiency judgments; providing for farm advocate guidelines; reactivating the data collection task force; authorizing additional interest payments to certain family farm security program sellers; increasing the allowable width of certain trucks; authorizing trucks hauling sugar beets or potatoes to be overweight during certain periods; declaring crop ownership; prescribing a procedure for planting crop owners to recover crop value; providing for a lien; prescribing satisfaction and enforcement of liens; modifying venue to recover possession of personal property; allowing designation, sale and redemption of an agricultural homestead that is executed on and sold as part of other property; allowing designation, sale, and redemption of a homestead foreclosed on or part of other property; establishing filing requirements, enforcement, and priority of veterinarian's liens; declaring state policy relating to wild rice; increasing the homestead exemption to 160 acres; exempting agricultural property for certain purposes; providing certain rights of first refusal; establishing a legal services support program; protecting certain

conservation practices; changing the agricultural land preservation pilot program; protecting certain rights-of-way from erosion; changing certain variances requiring a study; authorizing certain soil and water purification tests; appropriating money and authorizing issuance of bonds; excluding certain capital gains; amending Minnesota Statutes 1984, sections 138.585, by adding a subdivision; 160.27, subdivision 5; 169.01, subdivision 7; 169.80, subdivision 1; 169.81, subdivisions 2 and 3; 169.825, subdivisions 8, 10, 11, and by adding a subdivision; 169.832, by adding a subdivision; 169.86, subdivisions 2 and 5; 290.08, by adding a subdivision; 336.9-501; 480.24, by adding a subdivision; 480.242, subdivision 2; 500.24, by adding subdivisions; 510.02; 514.92; 542.06; 572.33, subdivision 1, and by adding a subdivision; 572.35; 580.23, subdivision 1; 581.09; Minnesota Statutes 1985 Supplement, sections 40.26; 92.50, subdivision 1; 92.501, subdivisions 1 and 2; 160.232; 168.013, subdivision 1e; 169.862; 221.033, subdivision 3; 256.73, subdivision 2; 290.01, subdivision 20b; 290.091, subdivision 2; 290.491; 473H.10, subdivision 3; Laws 1985, chapter 19, section 2, subdivision 2, and by adding a subdivision, and section 6, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 17; 40A; 116; 222; 273; 480; 514; 550; 557; 559; 572; 580; 581; 582; and 583; proposing coding for new law as Minnesota Statutes, chapters 41B; and 236A; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; 561.16; and 582.04."

We request adoption of this report and repassage of the bill.

House Conferees: K. J. McDONALD, DENNIS C. FREDERICKSON, JIM BOERBOOM, MERLYN O. VALAN and JERRY SCHOENFELD.

Senate Conferees: CHARLES R. DAVIS, CHARLES A. BERG, LeROY A. STUMPF, GARY M. DECramer and KEITH LANGSETH.

McDonald moved that the report of the Conference Committee on H. F. No. 1599 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

POINT OF ORDER

Elioff raised a point of order pursuant to rule 6.11 relating to Conference Committees. The Speaker ruled the point of order not well taken.

H. F. No. 1599, A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

The bill was repassed, as amended by Conference, and its title agreed to.

There being no objection the order of business reverted to Messages from the Senate.

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. 2210, A bill for an act relating to public disasters; providing for certain unemployment compensation liability; providing for certain valuation in the city of Litchfield; amending Minnesota Statutes 1984, section 268.06, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1863, A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing protection for crime victims against adverse employer actions; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 611A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Seaberg moved that the House refuse to concur in the Senate amendments to H. F. No. 1863, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

The following conference committee reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1886

A bill for an act relating to local government; changing the notice requirements for special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1886, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1886 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 144.214, subdivision 1, is amended to read:

Subdivision 1. [DISTRICTS.] Each county of the state, and the city of St. Paul, (AND THE CITY OF MINNEAPOLIS,) shall constitute the (89) 88 registration districts of the state. The local registrar in each county shall be the clerk of district court in that county. The local registrar in any city which maintains local registration of vital statistics shall be the health officer. In addition, the state registrar may establish registration districts on United States government reservations, and may appoint a local registrar for each registration district so established.

Sec. 2. [CITY EMPLOYEES; TRANSFER.]

If section 1 is adopted by the city and county, Hennepin county may employ city personnel who had duties under Minnesota Statutes, section 144.214. The former city employees shall as far as possible retain the benefits, salaries, and rights of their city employment but shall otherwise be subject to Hennepin county personnel rules.

Sec. 3. Minnesota Statutes 1985 Supplement, section 271.01, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION.] The tax court shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the tax court shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state, as defined in this subdivision, in those cases that have been appealed to the tax court and in any case that has been transferred by the district court to the tax court. The tax court shall have no jurisdiction in any case that does not arise under the tax laws of the state or in any criminal case or in any case determining or granting title to real property or in any case that is under the jurisdiction of the probate court. The small claims division of the tax court shall have no jurisdiction in any case dealing with property valuation or assessment for property tax purposes until the taxpayer has appealed the valuation or assessment to the town or city board of equalization and to the county board of equalization, except for those taxpayers whose original assessments are determined by the commissioner of revenue. (A PROPERTY OWNER, OTHER THAN A PUBLIC UTILITY, MINING COMPANY, OR RAILROAD COMPANY FOR WHICH THE ORIGINAL ASSESSMENTS ARE DETERMINED BY THE COMMISSIONER OF REVENUE, MAY NOT APPEAR BEFORE THE TAX COURT UNLESS A TIMELY APPEARANCE IN PERSON, BY COUNSEL, OR BY WRITTEN COMMUNICATION HAS BEEN MADE BEFORE THE COUNTY BOARD OF EQUALIZATION AS PROVIDED IN SECTION 274.13, TO

APPEAL THE ASSESSMENT OF THE PROPERTY, OR THAT HE CAN ESTABLISH THAT HE DID NOT RECEIVE NOTICE OF HIS MARKET VALUE AT LEAST TEN DAYS BEFORE THE COUNTY BOARD OF REVIEW MEETING. NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, IF THE MARKET VALUE OF THE PROPERTY IS INCREASED OR IF THE CLASSIFICATION OF THE PROPERTY IS CHANGED AFTER THE NOTICE HAS BEEN SENT TO THE PROPERTY OWNER, THE PROPERTY OWNER MAY APPEAR BEFORE THE TAX COURT WITHOUT AN APPEARANCE IN PERSON OR WRITTEN COMMUNICATION TO THE COUNTY BOARD OF EQUALIZATION.) The tax court shall have no jurisdiction in any case involving an order of the state board of equalization unless a taxpayer contests the valuation of his property. Only the taxes, aids and related matters contained in chapters 60A, 69, 124, 270, 272, 273, 274, 275, 276, 277, 278, 279, 285, 287, 288, 290, 290A, 291, 292, 293, 294, 295, 296, 297, 297A, 297B, 298, 299, 299F, 340, 473, 473F, and 477A shall be considered tax laws of this state subject to the jurisdiction of the tax court. This subdivision shall not be construed to prevent an appeal, as provided by law, to an administrative agency, board of equalization, or to the commissioner of revenue. Wherever used in chapter 271, the term commissioner shall mean the commissioner of revenue, unless otherwise specified.

Sec. 4. Minnesota Statutes 1985 Supplement, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the city or county, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of his claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of service, in the office of the clerk of the district court before the 16th day of May of the year in which the tax becomes payable. (A PROPERTY OWNER, OTHER THAN A PUBLIC UTILITY, MINING COMPANY, OR THE RAILROAD COMPANY FOR WHICH THE ORIGINAL ASSESSMENTS ARE DETERMINED BY THE COMMISSIONER OF REVENUE, MAY NOT APPEAR BEFORE THE DISTRICT COURT OR TAX COURT UNLESS A TIMELY APPEARANCE IN PERSON, BY COUNSEL, OR BY WRITTEN COMMUNICATION HAS BEEN MADE BEFORE THE COUNTY BOARD OF EQUALIZATION AS PROVIDED IN SECTION 274.13, TO APPEAL THE ASSESSMENT OF

THE PROPERTY, OR THAT HE CAN ESTABLISH THAT HE DID NOT RECEIVE NOTICE OF HIS MARKET VALUE AT LEAST TEN DAYS BEFORE THE COUNTY BOARD OF REVIEW MEETING. NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, IF THE MARKET VALUE OF THE PROPERTY IS INCREASED OR IF THE CLASSIFICATION OF THE PROPERTY IS CHANGED AFTER THE NOTICE HAS BEEN SENT TO THE PROPERTY OWNER. THE PROPERTY OWNER MAY APPEAR BEFORE THE DISTRICT COURT OR TAX COURT WITHOUT AN APPEARANCE IN PERSON OR WRITTEN COMMUNICATION TO THE COUNTY BOARD OF EQUALIZATION.) The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 5. Minnesota Statutes 1984, section 278.05, subdivision 1, is amended to read:

278.05 [TRIAL OF ISSUES.]

Subdivision 1. The petition, without any answer, return, or other pleading thereto, shall be tried at the next term of court. The *tax court or district court* shall without delay summarily hear and determine the claims, objections or defenses made by the petition and shall direct judgment (ACCORDINGLY) *to sustain, reduce or increase the amount of taxes due*, and the trial shall disregard technicalities and matters of form not affecting the merits.

Sec. 6. Minnesota Statutes 1984, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect the difference in the date of sale compared to the assessment date. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be con-

clusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study published by the department of revenue unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date, *and*

(c) there is an adequate sample size (, AND)

((D) THE MEDIAN RATIO OF THE CLASS OF PROPERTY OF THE SUBJECT PROPERTY IN THE SAME COUNTY, CITY, OR TOWN OF THE SUBJECT PROPERTY IS LOWER THAN THE ASSESSMENT RATIO OF THE SUBJECT PROPERTY BY AT LEAST TEN PERCENT.)

(IF THE ABOVE CRITERIA ARE MET AND A REDUCTION IN VALUE ON THE GROUNDS OF DISCRIMINATION IS GRANTED BASED UPON THE SALES RATIO STUDY, THE REDUCTION SHALL REFLECT ONLY THE DIFFERENCE BETWEEN THE ASSESSMENT/SALES RATIO OF THE SUBJECT PROPERTY AND 110 PERCENT OF THE MEDIAN RATIO OF THE CLASS OF PROPERTY OF THE SUBJECT PROPERTY).

Sec. 7. Minnesota Statutes 1984, section 278.07, is amended to read:

278.07 [JUDGMENT; AMOUNT; COSTS.]

Judgment shall be for the amount of the taxes for the year as the court shall determine the same, less the amount paid thereon, if any. If the tax is sustained in the full amount levied *or increased*, costs and disbursements (SHALL) *may, in the discretion of the court*, be taxed and allowed as in delinquent tax proceedings and shall be included in the judgment. If the tax so determined shall be less than the amount thereof as levied, the court may, in its discretion, award disbursements to the petitioner, which shall be taxed and allowed and be deducted from the amount of the taxes as determined. If there be no judgment for taxes, a judgment may be entered determining the right of the parties and for the costs and disbursements as taxed and allowed.

Sec. 8. Minnesota Statutes 1984, section 278.08, subdivision 1, is amended to read:

Subdivision 1. [TAXES DUE.] Whether or not the tax is sustained in full as levied *or increased* and section 278.03 notwithstanding, the judgment shall include any interest which has accrued on the taxes for failure to pay the taxes or any part of the taxes as provided in sections 279.01 and 279.03. If the tax is reduced, no penalty shall be included in the judgment because of the failure to pay the reduced tax prior to entry of judgment. After the judgment is entered, it shall be subject to interest and penalty at the rates provided in chapter 279 for delinquent payment of property taxes.

Sec. 9. Minnesota Statutes 1985 Supplement, section 325E.-025, subdivision 2, is amended to read:

Subd. 2. [PAYMENT RESPONSIBILITY FOR UTILITY SERVICE.] A utility shall not: (1) recover or attempt to recover payment *for a tenant's outstanding bill or charge* from a landlord, property owner or manager, or manufactured home park owner, as defined in section 327C.01, or manufactured home dealer, as defined in section 327B.01, who has not contracted for the service; (2) condition service on payment of an outstanding bill or other charge for utility service due upon the outstanding account of a previous customer or customers when all of the previous customers have vacated the property; or (3) place a lien on the landlord's or owner's property for a tenant's outstanding bill or charge whether created by local ordinance or otherwise. A utility may recover or attempt to recover payment *for a tenant's outstanding bill or charge* from a property owner where the manager, acting as the owner's agent, contracted for the utility service.

Sec. 10. Minnesota Statutes 1985 Supplement, section 429.-061, subdivision 1, is amended to read:

Subdivision 1. [CALCULATION, NOTICE.] At any time after the expense incurred or to be incurred in making an improvement shall be calculated under the direction of the council, the council shall determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. If a county proposes to assess within the boundaries of a city for a county state-aid highway or county highway, the resolution must include the portion of the cost proposed to be assessed within the city. The county shall forward the resolution to the city and it may not proceed with the assessment procedure under this section for property within the city unless the city council adopts a resolution approving the assessment. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every as-

sessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless he has requested in writing that the county auditor or county treasurer, as the case may be, include his name on the records for such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed (**THE AMOUNT TO BE SPECIALLY ASSESSED AGAINST THAT PARTICULAR LOT, PIECE, OR PARCEL OF LAND**), *the total amount of the proposed assessment*, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. *The notice must also state that no appeal may be taken as to the amount of any assessment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality. In addition, the notice mailed to the owner must include the following information:*

- (1) *the amount to be specially assessed against that particular lot, piece, or parcel of land;*
- (2) *the right of the property owner to prepay the entire assessment and the person to whom prepayment must be made;*
- (3) *whether partial prepayment of the assessment has been authorized by ordinance;*

(4) the time within which prepayment may be made without the assessment of interest; and

(5) the rate of interest to be accrued if the assessment is not prepaid within the required time period.

Sec. 11. Minnesota Statutes 1984, section 429.061, subdivision 2, is amended to read:

Subd. 2. [ADOPTION; INTEREST.] At such meeting or at any adjournment thereof the council shall hear and pass upon all objections to the proposed assessment, whether presented orally or in writing. The council may amend the proposed assessment as to any parcel and by resolution adopt the same as the special assessment against the lands named in the assessment roll. Notice of any adjournment of the hearing shall be adequate if the minutes of the meeting so adjourned show the time and place when and where the hearing is to be continued.

The council may consider any objection to the amount of a proposed assessment as to a specific parcel of land at an adjourned hearing upon further notice to the affected property owner as it deems advisable. At the adjourned hearing the council or a committee of it may hear further written or oral testimony on behalf of the objecting property owner and may consider further written or oral testimony from appropriate city officials and other witnesses as to the amount of the assessment. The council or committee shall prepare a record of the proceedings at the adjourned hearing and written findings as to the amount of the assessment. The amount of the assessment as finally determined by the council shall become a part of the adopted assessment roll. *No appeal may be taken as to the amount of any assessment adopted under this section unless written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing.* All objections to the assessments not received at the assessment hearing in the manner prescribed by this (SECTION) subdivision are waived, unless the failure to object at the assessment hearing is due to a reasonable cause.

If the adopted assessment differs from the proposed assessment as to any particular lot, piece, or parcel of land, the clerk must mail to the owner a notice stating the amount of the adopted assessment. Owners must also be notified by mail of any changes adopted by the council in interest rates or prepayment requirements from those contained in the notice of the proposed assessment.

The assessment, with accruing interest, shall be a lien upon all private and public property included therein, from the date of the resolution adopting the assessment, concurrent with general taxes; but the lien shall not be enforceable against public property as long as it is publicly owned, and during such period the

assessment shall be recoverable from the owner of such property only in the manner and to the extent provided in section 435.19. Except as provided below, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines, payable on the first Monday in January in each year, but the number of installments need not be uniform for all assessments included in a single assessment roll if a uniform criterion for determining the number of installments is provided by the resolution. The first installment of each assessment shall be included in the first tax rolls completed after its adoption and shall be payable in the same year as the taxes contained therein; except that the payment of the first installment of any assessment levied upon unimproved property may be deferred until a designated future year, or until the platting of the property or the construction of improvements thereon, upon such terms and conditions and based upon such standards and criteria as may be provided by resolution of the council. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. In any event, every assessment the payment of which is so deferred, when it becomes payable, shall be divided into a number of installments such that the last installment thereof will be payable not more than 30 years after the levy of the assessment. All assessments shall bear interest at such rate as the resolution determines, not exceeding eight percent per annum, except that the rate may in any event equal the average annual interest rate on bonds issued to finance the improvement for which the assessments are levied. To the first installment of each assessment shall be added interest on the entire assessment from a date specified in the resolution levying the assessment, not earlier than the date of the resolution, until December 31 of the year in which the first installment is payable, and to each subsequent installment shall be added interest for one year on all unpaid installments; or alternatively, any assessment may be made payable in equal annual installments including principal and interest, each in the amount annually required to pay the principal over such period with interest at such rate as the resolution determines, not exceeding the maximum period and rate specified above. In the latter event no prepayment shall be accepted under subdivision 3 without payment of all installments due to and including December 31 of the year of prepayment, together with the original principal amount reduced only by the amounts of principal included in such installments, computed on an annual amortization basis. When payment of an assessment is deferred, as authorized in this subdivision, interest thereon for the period of deferment may be made payable annually at the same times as the principal installments of the assessment would have been payable if not deferred; or interest for this period may be added to the principal amount of the assessment when it becomes payable; or, if so provided in the resolution levying the assessment, interest thereon to December 31 of the year before the first installment is payable may be forgiven.

Sec. 12. Minnesota Statutes 1985 Supplement, section 475.66, subdivision 1, is amended to read:

Subdivision 1. All debt service funds shall be deposited and secured as provided in chapter 118, except for amounts invested as authorized in this section, and may be deposited in interest bearing accounts, and such deposits may be evidenced by certificates of deposit with fixed maturities. Sufficient cash for payment of principal, interest, and redemption premiums when due with respect to the obligations for which any debt service fund is created shall be provided by crediting to the fund the collections of tax, special assessment, or other revenues appropriated for that purpose, and depositing all such receipts in a depository bank or banks duly qualified according to law or investing and reinvesting such receipts in securities authorized in this section. Time deposits shall be withdrawable and certificates of deposit and investments shall mature and shall bear interest payable at times and in amounts which, in the judgment of the governing body or its treasurer or other officer or committee to which it has delegated investment decisions, will provide cash at the times and in the amounts required for the purposes of the debt service fund, provided however, that the governing body may authorize the purchase of longer term investments subject to an agreement to repurchase such investments at times and prices sufficient to yield the amounts estimated to be so required. Repurchase agreements may be entered into with

(1) a bank qualified as depository of money held in the debt service fund (, OR WITH);

(2) any national or state bank in the United States which is a member of the federal reserve system and whose combined capital and surplus equals or exceeds \$10,000,000 (, OR);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York; or

(4) a securities broker-dealer having its principal executive office in Minnesota, licensed pursuant to chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of \$40,000,000 or more, exclusive of subordinated debt.

Sec. 13. Minnesota Statutes 1984, section 475.66, subdivision 2, is amended to read:

Subd. 2. Investments may be held in safekeeping with

(1) any federal reserve bank (,);

(2) any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including but not

limited to the bank from which the investment is purchased (, OR);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York (,); or

(4) a securities broker-dealer described in subdivision 1; provided that the municipality's ownership of all securities in which the fund is invested is evidenced by written acknowledgments identifying the securities by the names of the issuers, maturity dates, interest rates, and serial numbers or other distinguishing marks.

Sec. 14. Minnesota Statutes 1985 Supplement, section 475.76, subdivision 1, is amended to read:

Subdivision 1. A reverse repurchase agreement may be entered into by a municipality, subject to the provisions of this section, only with

(1) a bank qualified as depository of funds of the municipality (, OR WITH);

(2) any national or state bank in the United States which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds \$10,000,000 (, OR WITH);

(3) a primary reporting dealer in United States government securities to the federal reserve bank of New York; or

(4) a securities broker-dealer described in section 475.66, subdivision 1.

Sec. 15. Laws 1969, chapter 937, section 1, subdivision 1, as amended by Laws 1973, chapter 132, section 1, Laws 1974, chapter 105, section 1, Laws 1978, chapter 652, section 1, Laws 1980, chapter 448, section 1, and Laws 1982, chapter 491, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; PERSONNEL.]

Subdivision 1. Notwithstanding any provisions of the Minneapolis city charter, veterans preference act, or civil service rule, law, or regulation to the contrary, the positions referred to in subdivisions 2 to (17) 18 of this section shall be in the unclassified service of the city of Minneapolis, and any person presently holding or who shall hereafter be appointed to any of such positions shall serve at the pleasure of the appointing authority indicated in the respective subdivision. Except as herein otherwise provided such persons shall be eligible for the same employee benefits as persons in the classified service. Any incumbent of a position referred to in subdivisions 9 to 16 (AND),

subdivision 17, clause (b), and subdivision 18 shall be appointed to the position on the effective date of the subdivisions, and shall have the right to return to his permanent civil service classification pursuant to Laws 1969, Chapter 937, Section 2, except that an incumbent holding a position under subdivision 14 shall not be terminated by the appointing authority for 270 days following the effective date of subdivision 14. For 270 days after the first 270 days the appointing authority under subdivision 14 shall not terminate an incumbent without a vote of approval by a majority of the city council.

Sec. 16. Laws 1969, chapter 937, section 1, subdivision 9, as added by Laws 1982, chapter 491, section 2, and amended by Laws 1983, chapter 220, section 1, is amended to read:

Subd. 9. The city coordinator of the city of Minneapolis may appoint a person to the following positions to perform the duties and services he may direct:

- (a) Purchasing agent;
- (b) Management information services director;
- ((C) DIRECTOR OF LABOR RELATIONS;)
- ((D) DIRECTOR OF AFFIRMATIVE ACTION;)
- ((E)) (c) Manager of auditorium;
- ((F)) (d) Director of federal programs;
- ((G)) (e) Legislative liaison;
- ((H)) (f) Director of energy programs;
- ((I)) (g) Manager of licenses and consumer services;
- ((J)) (h) Manager, finance—city council;
- ((K)) (i) Officer, cable communications.

Sec. 17. Laws 1969, chapter 937, section 1, is amended by adding a subdivision to read:

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

- (a) *Director of federal employment and training;*
- (b) *Director of inspections;*

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

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

Sec. 18. Laws 1969, chapter 937, section 1, subdivision 11, as added by Laws 1982, chapter 491, section 2, is amended to read:

Subd. 11. The city clerk of the city of Minneapolis may appoint:

- (1) *an assistant city clerk to perform the duties and services he may direct; and*
- (2) *the director of elections.*

Sec. 19. Laws 1969, chapter 937, section 1, subdivision 15, as added by Laws 1982, chapter 491, section 2, is amended to read:

Subd. 15. The health commissioner of the city of Minneapolis may appoint:

- (1) seven bureau directors;
- (2) health physicians; and
- (3) the assistant director of dentistry

to perform the duties and services he may direct.

Sec. 20. Laws 1969, chapter 937, section 1, is amended by adding a subdivision to read:

Subd. 18. The director of civil rights may appoint the manager of civil rights to perform the duties and services the director may direct.

Sec. 21. [EFFECTIVE DATES.]

Subdivision 1. Sections 1 and 2 are effective the day after the governing bodies of the city of Minneapolis and Hennepin county comply with Minnesota Statutes, section 645.021, subdivision 3.

Subd. 2. Sections 3 to 8 are effective for assessments in 1986 and thereafter.

Subd. 3. Section 9 is effective retroactive to August 1, 1985.

Subd. 4. Sections 10 and 11 are effective for assessments prepared after the date of final enactment of this act.

Subd. 5. Sections 15 to 20 are effective the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to public administration; providing for administration of Hennepin county and Minneapolis public offices; regulating certain property tax appeals; changing notice requirements for special assessments; regulating public funds deposits; amending Minnesota Statutes 1984, sections 144.214, subdivision 1; 278.05, subdivisions 1 and 4; 278.07; 278.08, subdivision 1; 325E.025, subdivision 2; 429.061, subdivision 2; and 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sec-

tions 271.01, subdivision 5; 278.01, subdivision 1; 429.061, subdivision 1; 475.66, subdivision 1; and 475.76, subdivision 1; and Laws 1969, chapter 937, section 1, subdivisions 1, as amended, 9, as amended, 11 and 15, and by adding subdivisions."

We request adoption of this report and repassage of the bill.

House Conferees: DON J. VALENTI, GORDON O. VOSS and BRAD G. STANIUS.

Senate Conferees: TAD JUDE, ROBERT J. SCHMITZ and PHYLLIS W. MCQUAID.

Frederickson moved that the report of the Conference Committee on H. F. No. 1886 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 123 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DenOuden	Jaros	Metzen	Poppenhagen
Anderson, R.	Dimler	Jennings, L.	Minne	Price
Battaglia	Dyke	Johnson	Munger	Quinn
Beard	Elioff	Kahn	Murphy	Quist
Becklin	Ellingson	Kalis	Nelson, D.	Redalen
Begich	Erickson	Kelly	Nelson, K.	Rees
Bennett	Fjoslien	Kiffmeyer	Neuenschwander	Rest
Bishop	Forsythe	Knickerbocker	Norton	Rice
Blatz	Frederick	Knuth	O'Connor	Richter
Boo	Frederickson	Kostohryz	Ogren	Riveness
Brandl	Frerichs	Krueger	Olsen, S.	Rodosovich
Brown	Greenfield	Kvam	Olson, E.	Rose
Burger	Gruenes	Levi	Omamn	Sarna
Carlson, D.	Gutknecht	Lieder	Onnen	Schafer
Carlson, J.	Halberg	Long	Otis	Schoenfeld
Carlson, L.	Hartinger	Marsh	Ozment	Schreiber
Clark	Hartle	McDonald	Pauly	Seaberg
Clausnitzer	Haukoos	McEachern	Peterson	Segal
Cohen	Himle	McKasy	Piepho	Shaver
Dempsey	Jacobs	McPherson	Piper	Sherman

Simoneau
Skoglund
Solberg
Sparby
Stanius

Sviggum
Thiede
Thorson
Tjornhom
Tomlinson

Tompkins
Tunheim
Uphus
Valan
Valento

Vanasek
Vellenga
Voss
Waltman
Welle

Wynia
Zaffke
Spk. Jennings, D.

Those who voted in the negative were:

Osthoff

Pappas

Scheid

Staten

The bill was repassed, as amended by Conference, and its title agreed to.

The Speaker called Halberg to the Chair.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2331

A bill for an act relating to taxation; providing for the taxation of lawful gambling; providing for identification cards for employees of distributors of gambling equipment; providing for the registration of manufacturers of gambling equipment; providing for maximum prizes for pull-tabs; allowing local investigation fees; making unlicensed wholesaling of gambling equipment a felony; regulating off-track betting; exempting certain lawful gambling from licensing and taxation; providing for notification to town boards of license applications; providing a penalty; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, by adding a subdivision; 349.161, by adding subdivisions; 349.19, subdivision 5; 349.211, by adding a subdivision; 349.212, by adding a subdivision; 349.213, subdivision 2; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2331, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2331 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 240.25, subdivision 2, is amended to read:

Subd. 2. [OFF-TRACK BETS.] No person (MAY, AS PART OF AN ORGANIZED COMMERCIAL ACTIVITY, PLACE OR ACCEPT A BET OFF THE PREMISES OF A LICENSED RACETRACK FOR DELIVERY TO A LICENSED RACETRACK) shall:

(1) *for a fee, directly or indirectly, accept anything of value from another to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races, or for a fee deliver anything of value which has been received outside of the enclosure of a licensed racetrack holding a race meet licensed under this chapter, to be placed as wagers in the pari-mutuel system of wagering on horse racing within the enclosure; or*

(2) *give anything of value to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races to another who charges a fee, directly or indirectly, for the transmission or delivery.*

Sec. 2. Minnesota Statutes 1984, section 240.26, subdivision 1, is amended to read:

Subdivision 1. [FELONIES.] A violation of the prohibition against accepting a bet in section 240.25, (SUBDIVISIONS) subdivision 1 (AND 2), a violation of section 240.25, subdivision 2, clause (1), and a violation of section 240.25, subdivisions 3, 4, and 7 is a felony.

Sec. 3. Minnesota Statutes 1984, section 240.26, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANORS.] A violation of the prohibition against placing a bet in section 240.25, (SUBDIVISIONS) subdivision 1 (AND 2), a violation of section 240.25, subdivision 2, clause (2), and a violation of section 240.25, subdivisions 5 and 6, is a gross misdemeanor.

Sec. 4. Minnesota Statutes 1984, section 349.12, subdivision 13, is amended to read:

Subd. 13. "Profit" means the gross receipts collected from lawful gambling, less reasonable sums necessarily and actually expended for (GAMBLING SUPPLIES AND EQUIPMENT,) prizes (, RENT, AND UTILITIES USED DURING THE GAMBLING OCCASIONS, COMPENSATION PAID TO MEMBERS FOR CONDUCTING GAMBLING,) and taxes imposed by this chapter (, AND MAINTENANCE OF DEVICES USED IN LAWFUL GAMBLING).

Sec. 5. Minnesota Statutes 1984, section 349.12, subdivision 17, is amended to read:

Subd. 17. "Distributor" is a person who sells gambling equipment he manufactures or purchases for resale *within the state*.

Sec. 6. Minnesota Statutes 1984, section 349.12, is amended by adding a subdivision to read:

Subd. 18. [DEAL.] "*Deal*" means each separate package, or series of packages, consisting of one game of pull-tabs with the same serial number purchased from a distributor.

Sec. 7. Minnesota Statutes 1984, section 349.15, is amended to read:

349.15 [USE OF PROFITS.]

Profits from lawful gambling may be expended only for lawful purposes or expenses as authorized at a regular meeting of the conducting organization. *Provided that no more than 50 percent of gross receipts from bingo, and no more than 40 percent for other forms of lawful gambling, may be expended for necessary expenses related to lawful gambling. The board shall provide by rule for the administration of this section, including specifying allowable expenses. The rules may provide a maximum percentage of gross receipts which may be expended for certain expenses.*

Sec. 8. Minnesota Statutes 1984, section 349.151, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The board consists of 13 members appointed as follows:

(1) eleven persons appointed by the governor *with the advice and consent of the senate*, at least four of whom must reside outside of the seven-county metropolitan area;

(2) the commissioner of public safety or his designee; and

(3) the attorney general or his designee.

A member serving on the board by appointment must have been a resident of Minnesota for at least five years. Of the appointees of the governor not more than six may belong to the same political party. A member appointed to the board may be removed at any time by the appointing authority. Vacancies on the board are filled in the same manner as the original appointment. Of the members appointed by the governor, three are for terms expiring June 30, 1985, four are for terms expiring June 30, 1986, and four are for terms expiring June 30, 1987. After

the expiration of the initial terms, appointments are for three years. The governor shall appoint the chairperson from among his appointees.

Sec. 9. Minnesota Statutes 1984, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] The board has the following powers and duties:

(1) to issue, revoke, and suspend licenses to organizations (AND SUPPLIERS), *distributors, and manufacturers* under sections 349.16 (AND), 349.161, and *section 15*;

(2) to collect and deposit license fees and taxes due under this chapter;

(3) to receive reports required by this chapter and inspect the records, books, and other documents of organizations and suppliers to insure compliance with all applicable laws and rules;

(4) to make rules, including emergency rules, required by this chapter;

(5) to register gambling equipment and issue registration stamps under section 349.162;

(6) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling; (AND)

(7) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing charitable gambling; and

(8) *impose civil penalties of not more than \$500 per violation on organizations, distributors, and manufacturers for failure to comply with any provision of sections 349.12 to 349.23 or any rule of the board.*

Sec. 10. Minnesota Statutes 1984, section 349.16, subdivision 3, is amended to read:

Subd. 3. [FEES.] The board shall by rule establish a schedule of fees for licenses under this section. The schedule must establish (THREE) *four* classes of license, authorizing all forms of lawful gambling, all forms except bingo, *raffles only*, and bingo only.

Sec. 11. Minnesota Statutes 1984, section 349.16, is amended by adding a subdivision to read:

Subd. 4. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations applying for or renewing a license to conduct lawful gambling. An investigation fee may not exceed the following limits:

- (1) for cities of the first class, \$500;*
- (2) for cities of the second class, \$250; and*
- (3) for all other cities and counties, \$100.*

Sec. 12. Minnesota Statutes 1984, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for (BINGO) *lawful gambling* exempt from licensing under section (340.19) 349.214, except to an organization licensed for lawful gambling; or

(2) sell, offer for sale, or furnish gambling equipment to an organization licensed for lawful gambling without having obtained a distributor license under this section.

No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.

Sec. 13. Minnesota Statutes 1984, section 349.161, is amended by adding a subdivision to read:

Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and business addresses of all employees. Each person eligible to conduct sales on behalf of a distributor must have in possession a picture identification card approved by the board.

Sec. 14. Minnesota Statutes 1984, section 349.162, is amended to read:

349.162 [EQUIPMENT REGISTERED.]

Subdivision 1. [STAMP REQUIRED.] A distributor may not sell to an organization and an organization may not purchase from a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed. The board (MAY) *shall* charge a fee of (UP TO 25) *five* cents for each stamp. Each stamp must bear a registration number assigned by the board. *A distributor is entitled to a*

refund for unused stamps and replacement for stamps which are defective or canceled by the distributor.

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

- (1) the identity of the person or firm from whom the equipment was purchased;
- (2) the registration number of the equipment;
- (3) the name and address of the organization to which the sale was made; and
- (4) the date of the sale.

The (RECORD) *invoice* for each sale must be retained for at least (THREE YEARS) *one year* after the sale is completed *and a copy of the invoice is delivered to the board.* For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, (ON) *in a form the board prescribes*, its sales of each type of gambling equipment. Employees of the board may inspect the books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

(SUBD. 3. [SALES FROM FACILITIES.] ALL GAMBLING EQUIPMENT PURCHASED BY A LICENSED DISTRIBUTOR FOR RESALE IN MINNESOTA MUST PRIOR TO ITS RESALE BE UNLOADED INTO A FACILITY LOCATED IN MINNESOTA WHICH THE DISTRIBUTOR OWNS OR LEASES.)

Subd. 3. [EXEMPTION.] *For purposes of this section, bingo cards intended to be used for more than one game need not be registered.*

Sec. 15. [349.163] [REGISTRATION OF MANUFACTURERS.]

Subdivision 1. [REGISTRATION.] *No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has registered with the board and has been issued a certificate of registration.*

Subd. 2. [CERTIFICATE; FEE.] *A certificate under this section is valid for one year. The annual fee for registration is \$500.*

Subd. 3. [PROHIBITED SALES.] A manufacturer may not sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor.

Sec. 16. Minnesota Statutes 1984, section 349.17, is amended by adding a subdivision to read:

Subd. 2a. [DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR.] As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor.

Sec. 17. [349.171] [CERTAIN SIGNS PROHIBITED.]

No organization may post on the premises where it conducts lawful gambling any sign which states directly or indirectly that all of the receipts from the lawful gambling it conducts are used for charitable purposes.

Sec. 18. Minnesota Statutes 1984, section 349.18, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] (a) A licensed organization may conduct raffles on a premise it does not own or lease.

(b) A licensed organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to six days in a calendar year, in connection with a county fair or civil celebration.

(c) *A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed premise for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.*

Sec. 19. Minnesota Statutes 1984, section 349.19, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly, *or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter*, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes.

Sec. 20. Minnesota Statutes 1984, section 349.19, subdivision 6, is amended to read:

Subd. 6. [PRESERVATION OF RECORDS.] *The board may require that records required to be kept by this section must be preserved by a licensed organization for at least (THREE) two years and may be inspected by employees of the board at any reasonable time without notice or a search warrant.*

Sec. 21. Minnesota Statutes 1984, section 349.211, is amended by adding a subdivision to read:

Subd. 2a. [PULL-TAB PRIZES.] *The maximum prize which may be awarded for any single pull-tab is \$250. An organization may not sell any pull-tab for more than \$2.*

Sec. 22. Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1, is amended to read:

Subdivision 1. [RATE.] *There is hereby imposed a tax on all lawful gambling, other than pull-tabs, conducted by organizations licensed by the board at the rate specified in this subdivision. The tax imposed by this (SECTION) subdivision is in lieu of the tax imposed by section 297A.02 and of all local taxes and license fees except a fee authorized under section 349.213, subdivision 3.*

On all lawful gambling, other than pull-tabs, the tax is ten percent of the gross receipts of a licensed organization from lawful gambling less prizes actually paid out, payable by the organization.

Sec. 23. Minnesota Statutes 1984, section 349.212, is amended by adding a subdivision to read:

Subd. 4. [PULL-TAB TAX.] *There is imposed a tax on the sale of each deal of pull-tabs sold by a licensed distributor to a licensed organization, or to an organization holding an exemption identification number. The rate of the tax is ten percent of the face resale value of all the pull-tabs in each deal less the total prizes which may be paid out on all the pull-tabs in that deal. The tax is payable to the commissioner of revenue in the manner prescribed in section 24 and the rules of the commissioner. The commissioner shall pay the proceeds of the tax to the state treasurer for deposit in the general fund. The sales tax imposed by chapter 297A on the sale of the pull-tabs by the licensed distributor to an organization is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs by the organization is exempt from taxes imposed by chapter 297A if the tax imposed by this subdivision has been paid and is exempt from all local taxes and license fees except a fee authorized under section 349.213, subdivision 3.*

Sec. 24. [349.2121] [PULL-TAB TAX; COLLECTION.]

Subdivision 1. [APPLICATION AND ISSUANCE.] Every distributor licensed by the board who sells pull-tabs to organizations authorized to sell pull-tabs under this chapter must file with the commissioner of revenue an application, on a form the commissioner prescribes, for a gambling tax identification number and gambling tax permit. The commissioner, when satisfied that the applicant has a valid license from the board, shall issue the applicant a permit and number. A permit is not assignable and is valid only for the distributor in whose name it is issued.

Subd. 2. [RECORDS.] The commissioner may by rule require a licensed distributor holding a permit under this section to keep such books, papers, documents, and records as the commissioner deems necessary to the enforcement of this chapter. The commissioner may examine, or cause to be examined, any books, papers, records, or other documents relevant to making a determination, whether they are in the possession of a distributor or another person or corporation. The commissioner may require the attendance of any persons having knowledge or information in the premises, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to a determination, and to administer oaths or affirmations.

Subd. 3. [SUSPENSION, REVOCATION.] The commissioner, after notice and hearing, may for reasonable cause revoke or suspend a permit held by a distributor. A notice must be sent to the distributor at least 30 days before the hearing and give notice of the time and place of the hearing, must give the reason for the proposed suspension or revocation, and must require the distributor show cause why the proposed action should not be taken. The notice may be served personally or by mail in the manner prescribed for service of notice of a deficiency. The commissioner may not issue a new permit after revocation except upon application accompanied by reasonable evidence of the intention of the applicant to comply with all applicable laws and rules. The commissioner may condition the issuance of a new permit to the applicant on the supplying of security in addition to that authorized by subdivision 2 as is reasonably necessary to ensure compliance with all applicable laws and rules.

Subd. 4. [COLLECTION.] The tax imposed by section 349.212, subdivision 4, for each taxable sale is due and payable to the commissioner monthly on or before the 25th day of the month succeeding the month in which the taxable sale was made.

Subd. 5. [INFORMATION CONFIDENTIAL.] Neither the commissioner nor any other public official or employee may divulge or otherwise make known in any manner any particulars disclosed in any report or return required by this section, or any information concerning the affairs of the distributor making the

return acquired from its records, officers, or employees while examining or auditing under the authority of this chapter, except in connection with a proceeding involving taxes due under this chapter. Nothing herein prohibits the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and their contents. Any person violating the provisions of this section is guilty of a gross misdemeanor.

Notwithstanding the provisions of this section, the commissioner may furnish information on a reciprocal basis to the taxing officials of another state or the board in order to implement the purposes of this chapter.

In order to facilitate processing of returns and payments of taxes required by this chapter, the commissioner may contract with outside vendors and may disclose private and nonpublic data to the vendor. The data disclosed must be administered by the vendor consistent with this section.

Subd. 6. [COLLECTIONS; CIVIL PENALTIES.] *The provisions of chapter 297A relating to the commissioner's authority to audit, assess, and collect the tax imposed by that chapter apply to the tax, penalties and interest imposed by section 349.212, subdivision 4. The commissioner shall impose civil penalties for violation of this section as provided in chapter 297A, and the additional tax and penalties are subject to interest at the rate provided in section 270.75.*

Subd. 7. [RULES.] *The commissioner shall adopt rules, including emergency rules, for the administration and enforcement of this section and section 349.212, subdivision 4.*

Sec. 25. *Minnesota Statutes 1984, section 349.213, is amended to read:*

Subdivision 1. [LOCAL REGULATION.] *A statutory or home rule city or county has the authority to adopt more stringent regulation of any form of lawful gambling within its jurisdiction, including the prohibition of any form of lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board.*

Subd. 2. [LOCAL APPROVAL.] *Before issuing or renewing an organization license, the board must notify the city council of the statutory or home rule city in which the organization's premises are located or, if the premises are located outside a city, by the county board of the county and the town board of the town where the premises are located. If the city council or county board*

adopts a resolution disapproving the license and so informs the board within 30 days of receiving notice of the license, the license may not be issued or renewed.

Sec. 26. Minnesota Statutes 1984, section 349.214, subdivision 2, is amended to read:

Subd. 2. [(RAFFLES) LAWFUL GAMBLING.] (a) Raffles may be conducted by an organization as defined in section 349.12, subdivision (13) 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

(b) *Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.212 if:*

(1) *the organization conducts lawful gambling on five or fewer days in a calendar year;*

(2) *the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;*

(3) *the organization notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;*

(4) *the organization notifies the local government unit 30 days before the lawful gambling occasion;*

(5) *the organization purchases all gambling equipment and supplies from a licensed distributor; and*

(6) *the organization reports to the board, on a single page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.*

(c) *If the organization fails to file a timely report as required by paragraph (b), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is subsequently filed and the penalty paid.*

(d) *Merchandise prizes must be valued at their fair market value.*

Sec. 27. Minnesota Statutes 1984, section 349.214, is amended by adding a subdivision to read:

Subd. 4. [TAXATION.] An organization's receipts from lawful gambling that is exempt from licensing under this section is not subject to the tax imposed by section 297A.02 or 349.212.

Sec. 28. Minnesota Statutes 1984, section 349.31, subdivision 1, is amended to read:

Subdivision 1. [INTENTIONAL POSSESSION; WILLFUL KEEPING.] The intentional possession or willful keeping of a gambling device on a licensed premises is cause for the revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling equipment as defined in section 349.12, subdivision 17, which is used for *lawful* gambling (LICENSED BY THE CHARITABLE GAMBLING CONTROL BOARD) *authorized by this chapter*, and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.

Sec. 29. Minnesota Statutes 1984, section 609.75, subdivision 3, is amended to read:

Subd. 3. [WHAT ARE NOT BETS.] The following are not bets:

(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of equipment or the conduct of a raffle under sections 349.11 to 349.22, by an organization licensed by the charitable gambling control board *or an organization exempt from licensing under section 349.214.*

(7) Pari-mutuel betting on horse racing when the betting is conducted under chapter 240.

Sec. 30. Minnesota Statutes 1984, section 609.761, is amended to read:

609.761 [OPERATIONS PERMITTED.]

Notwithstanding sections 609.755 and 609.76, an organization may conduct lawful gambling as defined in section 349.12, if (LICENSED BY THE CHARITABLE GAMBLING CONTROL BOARD AND CONDUCTED UNDER SECTIONS 349.11 TO 349.22) *authorized under chapter 349*, and a person may manufacture, sell, or offer for sale a gambling device to (THE) *an organization authorized under chapter 349 to conduct lawful gambling*, and pari-mutuel betting on horse racing may be conducted under chapter 240.

Sec. 31. [TAX AMNESTY; NONPROFIT ORGANIZATIONS.]

For an organization that has an unpaid liability for sales tax due under Minnesota Statutes, chapter 297A, arising out of lawful gambling conducted under Minnesota Statutes, chapter 349, between March 1, 1982, and June 30, 1985, the commissioner of revenue shall accept as full payment of the liability, a certified check, cashier's check, or money order in the amount of 50 percent of the liability incurred, plus interest. Payment must be received by the commissioner of revenue before January 1, 1987. For delinquent returns filed under this section, the civil and criminal penalties imposed by law are waived.

Sec. 32. [SALES TAX EXEMPTION.]

The gross receipts from the conduct of lawful gambling conducted under Minnesota Statutes, chapter 349, received prior to March 1, 1982, shall be exempt from taxation under Minnesota Statutes, chapter 297A. No refunds shall be paid pursuant to this section unless the organization can demonstrate to the commissioner of revenue that the refunds will be paid to those who paid the tax.

Sec. 33. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment. Section 8 is effective the day following final enactment and applies to persons appointed to the charitable gambling control board after that date. Sections 4 to 7, 9 to 14, 16 to 21, and 25 to 32 are effective June 1, 1986. Section 15 is effective July 1, 1986. Sections 22 to 24 are effective January 1, 1987."

Delete the title and insert:

"A bill for an act relating to gambling; prohibiting certain betting practices relating to horse racing; requiring persons appointed to the charitable gambling control board to be confirmed by the senate; permitting the board to impose civil penalties; permitting local investigation fees; creating a new class of license for raffles; changing requirements for distributors; requiring the registration of manufacturers; providing for collection of certain taxes by distributors; changing reporting and record-keeping requirements for organizations; providing for maximum prizes for pull-tabs; requiring towns to be notified; exempting certain organizations from regulation and taxation; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, subdivisions 13 and 17, and by adding a subdivision; 349.15; 349.151, subdivisions 2 and 4; 349.16, subdivision 3, and by adding a subdivision; 349.161, subdivision 1, and by adding a subdivision; 349.162; 349.17, by adding a subdivision; 349.18, subdivision 2; 349.19, subdivisions 5 and 6; 349.211, by adding a subdivision; 349.212; 349.213; 349.214, subdivision 2, and by adding a subdivision; 349.31, subdivision 1; 609.75, subdivision 3; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349."

We request adoption of this report and repassage of the bill.

House Conferees: CRAIG H. SHAVER, JOE QUINN and GIL GUTKNECHT.

Senate Conferees: NEIL DIETERICH, STEVEN G. NOVAK and DARREL L. PETERSON.

Shaver moved that the report of the Conference Committee on H. F. No. 2331 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 93 yeas and 34 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Erickson	Kelly	Onnen	Simoneau
Backlund	Fjoslien	Kiffmeyer	Ozment	Skoglund
Battaglia	Forsythe	Knickerbocker	Pauly	Sparby
Becklin	Frederick	Knuth	Piepho	Stanius
Begich	Frederickson	Kvam	Poppenhagen	Sviggum
Bennett	Frerichs	Levi	Quinn	Thiede
Bishop	Greenfield	Lieder	Quist	Thorson
Blatz	Gruenes	Marsh	Redalen	Tjornhom
Boerboom	Guknecht	McDonald	Rees	Tomlinson
Boo	Halberg	McKasy	Rest	Uphus
Brown	Hartinger	McLaughlin	Richter	Valan
Burger	Hartle	McPherson	Rodosovich	Valento
Clark	Haukoos	Miller	Rose	Vanasek
Clausnitzer	Heap	Munger	Schafer	Voss
Dempsey	Himle	Norton	Schoenfeld	Waltman
DenOuden	Jaros	O'Connor	Schreiber	Wenzel
Dimler	Jennings, L.	Olsen, S.	Seaberg	Spk. Jennings, D.
Dyke	Johnson	Olson, E.	Shaver	
Elioff	Kalis	Omann	Sherman	

Those who voted in the negative were:

Anderson, R.	Kahn	Murphy	Peterson	Solberg
Beard	Kostohryz	Nelson, D.	Piper	Staten
Brandl	Krueger	Nelson, K.	Price	Tunheim
Carlson, L.	Long	Ogren	Rice	Vellenga
Cohen	McEachern	Osthoff	Sarna	Welle
Ellingson	Metzen	Otis	Scheid	Zaffke
Jacobs	Minne	Pappas	Segal	

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON 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.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2287, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2287 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1984, section 273.77, is amended to read:

273.77 [TAX INCREMENT BONDING.]

Any other law, general or special, notwithstanding, after August 1, 1979 no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 273.75, subdivision 4 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 273.75, subdivision 4 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 273.75, subdivision 4. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322, and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable

in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 273.75, subdivision 4. The bonds shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322 and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accor-

dance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such covenants as the authority shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under Laws 1979, Chapter 322 and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

(d) (1) In anticipation of the issuance of bonds pursuant to either paragraph (a), (b) or (c) of this section, the authority or municipality may by resolution issue and sell temporary bonds pursuant to paragraph (a), (b) or (c), maturing within not more than three years from their date of issue, to pay any part or all of the cost of a project. To the extent that the principal of and interest on the temporary bonds cannot be paid when due from receipts of tax increment, assessments, or other funds appropriated for the purpose, they shall be paid from the proceeds of long-term bonds or additional temporary bonds which the authority or municipality shall offer for sale in advance of the maturity date of the temporary bonds, but the indebtedness funded by an issue of temporary bonds shall not be extended by the issue of additional temporary bonds for more than six years from the date of the first issue. Long-term bonds may be issued pursuant to paragraph (a), (b) or (c) without regard to whether the temporary bonds were issued pursuant to paragraph (a), (b) or (c). If general obligation temporary bonds are issued pursuant to paragraph (a), proceeds of long-term bonds or additional temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by section 475.61 to be levied prior to delivery of the obligations. Subject to the six-year maturity limitation contained above, but without regard to the requirement of section 475.58, if any temporary bonds are not paid in full at maturity, in addition to any other remedy authorized or permitted by law, the holders may demand, in which case the authority or municipality shall, issue pursuant to paragraph (a), (b) or (c) as the temporary bonds and in exchange for the temporary bonds, at par, replacement temporary bonds dated as of the date of the replaced temporary bonds, maturing within one

year from the date of the replacement temporary bonds and earning interest at the rate set forth in the resolution authorizing the issuance of the replaced temporary bonds, provided that the rate shall not exceed the maximum rate permitted by law at the date of issue of the replaced temporary bonds.

(2) Funds of a municipality may be invested in its temporary bonds in accordance with the provisions of section 471.56, and may be purchased upon their initial issue, but shall be purchased only from funds which the governing body of the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in case of emergency. If purchased from a debt service fund securing other bonds, the holders of those bonds may enforce the municipality's obligations on the temporary bonds in the same manner as if they held the temporary bonds.

(e) Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under this section which are subject to limitation under a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or *existing federal tax law as defined in section 10, subdivision 8.*

Sec. 2. Minnesota Statutes 1984, section 298.2211, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE; GRANT OF AUTHORITY.] In order to accomplish the legislative purposes specified in chapters 362A, 462C, and 474, within tax relief areas as defined in section 273.134, the commissioner of iron range resources and rehabilitation may exercise the following powers: (1) all powers conferred upon a rural development financing authority under sections 362A.01 to 362A.05; (2) all powers conferred upon a city under chapter 462C, subject to compliance with the provisions of section (462C.09) 15; (3) all powers conferred upon a municipality or a redevelopment agency under chapter 474; (4) all powers provided by chapter 362A to further any of the purposes and objectives of chapters 462C and 474; and (5) all powers conferred upon a municipality or an authority under sections 273.73 to 273.76, section 273.77, except paragraph (a) thereof, and section 273.78, subject to compliance with the provisions of section 273.74, subdivisions 1, 2, and 3; provided that any tax increments derived by the commissioner from the exercise of this authority may be used only to finance or pay premiums or fees for insurance, letters of credit, or other contracts guaranteeing the payment when due of net rentals under a project lease or the payment of principal and interest due on or repurchase of bonds issued to finance a project or program, to accumulate and maintain reserves securing the payment when due on bonds issued to finance a project or program, or to provide an interest rate reduction program pursuant to section 462.445, subdivision 10. Tax increments and earnings thereon remaining in any bond reserve account after payment or discharge of any bonds secured thereby shall be used within one

year thereafter in furtherance of this section or returned to the county auditor of the county in which the tax increment financing district is located. If returned to the county auditor, the county auditor shall immediately allocate the amount among all government units which would have shared therein had the amount been received as part of the other ad valorem taxes on property in the district most recently paid, in the same proportions as other taxes were distributed, and shall immediately distribute it to the government units in accordance with the allocation.

Sec. 3. Minnesota Statutes 1984, section 429.091, subdivision 8, is amended to read:

Subd. 8. [FEDERAL VOLUME LIMITATION ACT.] Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under this section which are subject to limitation under a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 4. Minnesota Statutes 1984, section 430.12, is amended to read:

430.12 [BONDS FOR IMPROVEMENTS.]

The city council, for the purpose of realizing the funds for making an improvement and paying damages may, from time to time as may be needed, issue and sell special certificates of indebtedness, or special street or parkway improvement bonds, as they may decide, which shall entitle the holder thereof to all sums realized upon any assessment or, if deemed advisable, a series of two or more certificates or bonds against any one assessment, or against the assessments in two or more different proceedings, the principal and interest being payable at fixed dates out of the funds collected from the assessments, including interest and penalties, and the whole of the fund or funds is hereby pledged for the pro rata payment of the certificates or bonds and the interest thereon, as they severally become due. These certificates or bonds may be made payable to the bearer, with interest coupons attached, and the city council may bind the city to make good deficiencies in the collection up to, but not exceeding, the principal and interest at the rate fixed, as hereinafter provided, and for the time specified in section 430.06. If the city, because of this guaranty, shall redeem any certificate or bond, it shall thereupon be subrogated to the holder's rights. For the purpose of this guaranty, penalties collected shall be credited upon deficiencies of principal and interest before the city shall be liable. These certificates or bonds shall be sold at public sale or by sealed proposals at a meeting of which at least two weeks' published notice shall be given, to the purchaser who will pay the par value thereof at the lowest interest rate, and the certificates or bonds shall be drawn accordingly, but the rate of interest shall in no case exceed seven percent per annum, pay-

able annually or semiannually. The city clerk shall certify to the county auditor the rate of interest so determined at the first bond sale held for any such improvement, and interest shall be computed upon the assessments at this annual rate, in accordance with the terms of section 430.06. In case the rate of interest so determined at any subsequent bond sale for the same improvement is greater than the rate so determined at the first bond sale therefor, the difference between these rates of interest shall be a general city charge.

In case the proceeds of any special certificates of indebtedness or special street or parkway improvement bonds are in excess of the amount actually necessary to make the improvements for which the same were issued, or in case the proceeds are not immediately required for the prosecution or completion of the improvement, these proceeds may meanwhile be used by the city council for the making of other improvements authorized under the provisions of this chapter, and the amount of the proceeds so used shall be replaced and made good so far as may be necessary from the proceeds of special certificates of indebtedness or special bonds issued for the purpose of making such other improvements.

Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under this section which are subject to limitation under a federal *volume* limitation act as defined in section (474.-16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 5. Minnesota Statutes 1985 Supplement, section 458.-1941, is amended to read:

458.1941 [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]

Sections (474.16 TO 474.23) 9 to 29 apply to obligations issued under this chapter that are limited by a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 6. Minnesota Statutes 1984, section 459.35, is amended to read:

459.35 [FEDERAL VOLUME LIMITATION ACT.]

Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under chapter 459 which are subject to limitation under a federal *volume* limitation act as defined in section (474.-16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 7. Minnesota Statutes 1984, section 462.556, is amended to read:

462.556 [FEDERAL VOLUME LIMITATION ACT.]

Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under chapter 462 which are subject to limitation under a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 8. Minnesota Statutes 1984, section 472.09, subdivision 8, is amended to read:

Subd. 8. [FEDERAL VOLUME LIMITATION ACT.] Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations under this section which are subject to limitation under a federal *volume* limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 9. [474A.01] [CITATION.]

Sections 9 to 29 may be cited as the "Minnesota bond allocation act."

Sec. 10. [474A.02] [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] *For the purposes of sections 9 to 29, the terms defined in this section shall have the following meanings:*

Subd. 2. [ANNUAL VOLUME CAP.] *"Annual volume cap" means the aggregate dollar amount of obligations bearing interest excluded from gross income for purposes of federal income taxation which, under the provisions of existing federal tax law or a federal volume limitation act, may be issued in one year by issuers.*

Subd. 3. [CERTIFICATE OF ALLOCATION.] *"Certificate of allocation" means a certificate provided to an issuer by the department under section 21.*

Subd. 4. [CITY.] *"City" means a statutory or home rule charter city.*

Subd. 5. [COMMERCIAL REDEVELOPMENT PROJECT.] *"Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing project or pollution control project and one of the following conditions is met:*

(a) *The project site would qualify as a redevelopment district as defined in section 273.73, subdivision 10. To qualify the project need not be included in a tax increment financing district.*

(b) *At least 75 percent of the proceeds of the obligations will be used to acquire and rehabilitate or replace an existing structure which is functionally obsolete or contains structural or other defects justifying substantial renovation or clearance.*

(c) *The project will be undertaken and the obligations issued pursuant to a written program administered by the local issuer and the financing provides for a substantial commitment of local public funds.*

(d) *At least 90 percent of the proceeds of the obligations will be used to finance facilities with respect to which an urban development action grant has been made under section 119 of the federal Housing and Community Development Act of 1974.*

Subd. 6. [DEPARTMENT; DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.] *"Department" or "department of energy and economic development" means the department of energy and economic development or its successor agency or agencies with respect to the duties that the department is to perform under sections 9 to 29.*

Subd. 7. [ENTITLEMENT ISSUER.] *"Entitlement issuer" means an issuer to which an allocation is made under sections 12, 16, or 17.*

Subd. 8. [EXISTING FEDERAL TAX LAW.] *"Existing federal tax law" means those provisions of the Internal Revenue Code of 1954, as amended through December 31, 1985, that limit the aggregate amount of obligations of a specified type or types which may be issued by an issuer during a calendar year whose interest is exempt from inclusion in gross income for purposes of federal income taxation.*

Subd. 9. [FEDERAL VOLUME LIMITATION ACT.] *"Federal Volume Limitation Act" means Title VII of the bill that was adopted by the United States House of Representatives on December 17, 1985, as H.R. 3838, 99th Congress 1st Session (1985), or any law of the United States that is effective after December 31, 1985, and that:*

(1) *imposes an annual volume cap;*

(2) *allocates the annual volume cap among various uses for which the proceeds of the obligations may be used or among various issuers of obligations or both; and*

(3) allows the governor during a specified interim period or the state legislature by law to provide for a different allocation of the annual volume cap among uses and among issuers.

Subd. 10. [GENERAL OBLIGATION.] "General obligation" means any obligation that pledges the full faith and credit of an issuer with general taxing powers, other than a state issuer, to the payment of the obligation.

Subd. 11. [GOVERNMENTAL VOLUME CAP.] "Governmental volume cap" means the annual volume cap less the amount, if any, that a federal volume limitation act requires be set aside or reserved, without the right to override by state legislation, for qualified 501(c)(3) bonds or if a federal volume limitation act does not require an amount to be set aside for qualified 501(c)(3) bonds, the amount set aside pursuant to section 20, subdivision 9.

Subd. 12. [ISSUER.] "Issuer" means any entitlement issuer or other issuer.

Subd. 13. [LOCAL PUBLIC FUNDS.] "Local public funds" means the funds of a governmental unit except the following:

(1) the proceeds of an obligation subject to existing federal tax law or a federal volume limitation act;

(2) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to existing federal tax law or a federal volume limitation act or other payments made in consideration of the issuance of an obligation subject to existing federal tax law or a federal volume limitation act;

(3) payments furnished by a nonexempt person for its right to use in its trade or business a facility financed with the proceeds of obligations subject to existing federal tax law or a federal volume limitation act;

(4) tax increments, as defined in section 273.76; or

(5) tax reductions provided pursuant to sections 273.1312 to 273.1314.

Subd. 14. [MANUFACTURING PROJECT.] "Manufacturing project" means properties, real or personal, used in connection with a revenue producing enterprise in connection with assembling, fabricating, manufacturing, mixing, or processing any products of agriculture, forestry, mining, or manufacture. Properties used for storing, warehousing, or distributing qualify under this definition (1) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or

processing facility, or (2) if they are used for the storing of agricultural products and are located outside of the metropolitan area, as defined in section 473.121, subdivision 2. Manufacturing project includes properties, real or personal, used in connection with research and development activity to develop or improve products, production processes, or materials. For purposes of this subdivision, "a product of manufacture" includes information and directions which dictate the functions to be performed by data processing equipment, commonly called computer software, regardless of whether they are embodied in or recorded on tangible personal property. A project qualifies as a manufacturing project only if 75 percent of the proceeds of the proposed obligations will be used for construction, acquisition, installation, or addition of properties described in this subdivision.

Subd. 15. [MORTGAGE CREDIT CERTIFICATE.] "Mortgage credit certificate" means any certificate which satisfies the definition of such term as contained in section 25(c)(1) of the Internal Revenue Code of 1954, as amended through July 18, 1984.

Subd. 16. [MULTIFAMILY HOUSING PROJECT.] "Multifamily housing project" means a development defined in section 462C.02, subdivision 5, for which the applicable housing plan and program approval requirements of chapter 462C have been met.

Subd. 17. [NONEXEMPT PERSON.] "Nonexempt person" means a person or entity other than an exempt person as defined in section 103(b)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

Subd. 18. [NOTICE OF ENTITLEMENT ALLOCATION.] "Notice of entitlement allocation" means a notice provided to an entitlement issuer under section 12, subdivision 5, or under section 16, subdivision 2.

Subd. 19. [OTHER ISSUER.] "Other issuer" means any entity other than an entitlement issuer which may issue obligations subject to an annual volume cap, including but not limited to the University of Minnesota, any city, any town, any federally recognized American Indian tribe or subdivision thereof located in Minnesota, any housing and redevelopment authority referred to in chapter 462, or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law, or any entity issuing on behalf of the foregoing.

Subd. 20. [POLLUTION CONTROL PROJECT.] "Pollution control project" means properties, real or personal, used in the abatement or control of noise, air, or water pollution, or in the disposal of solid waste, in connection with a revenue produc-

ing enterprise, engaged in or to be engaged in any business or industry. A project qualifies as a pollution control project only:

(1) if at least 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision; or

(2) if it is not a manufacturing project and at least 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision and in subdivision 14.

Subd. 21. [PRELIMINARY RESOLUTION.] "Preliminary resolution" means a resolution adopted by the governing body of the issuer or in the case of the iron range resources and rehabilitation board by the commissioner. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and must identify the proposed project and the proposed amount of the obligations to be issued.

Subd. 22. [QUALIFIED 501(c)(3) BONDS.] "Qualified 501(c)(3) bonds" mean obligations the proceeds of which are to be used by, or loaned or otherwise made available to, an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985, in activities directly related and essential to the conduct of the charitable activities of the organization and that are not used by a non-exempt person in its trade or business or obligations with a comparable definition in a federal volume limitation act.

Subd. 23. [QUALIFIED MORTGAGE BONDS.] "Qualified mortgage bonds" mean obligations which are qualified mortgage bonds as defined by section 103A(c) of existing federal tax law.

Subd. 24. [QUALIFIED MORTGAGE CREDIT CERTIFICATE PROGRAM.] "Qualified mortgage credit certificate program" means any program which satisfies the definition of such term as contained in section 25(c)(2) of the Internal Revenue Code of 1954, as amended through July 18, 1984.

Subd. 25. [QUALIFIED MULTIFAMILY HOUSING PROJECT.] "Qualified multifamily housing project" means a multifamily housing project in which at least 50 percent of the units will be held for occupancy by families or individuals with adjusted gross income not in excess of 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the metropolitan statistical area.

Subd. 26. [STATE ISSUER.] "State issuer" means the state of Minnesota; the iron range resources and rehabilitation board; or other agency, department, board, or commission of the state,

which is authorized to issue obligations and has statewide jurisdiction.

Subd. 27. [SUBSTANTIAL COMMITMENT OF LOCAL PUBLIC FUNDS.] "Substantial commitment of local public funds" means that either of the following two conditions is satisfied.

(a) Under the project financing the governmental unit appropriates, pledges, guarantees, or otherwise provides local public funds to pay part of the cost of financing the obligations, including bond issuance, debt service, loan origination, and carrying expenses, or of the facility financed with the proceeds of the obligations. This condition is satisfied only if at the time the obligations are issued, the issuer reasonably expects that the aggregate value of the local public funds will exceed the lesser of \$1,000,000 or one percent of the face amount of the obligations. No provision may be made for a nonexempt person to reimburse the governmental unit for the local public funds.

(b) The governmental unit appropriates, pledges, guarantees, or otherwise provides a program contribution of local public funds or governmental services to the program or a facility financed with the proceeds of the obligations. This condition is satisfied only if the issuer reasonably expects at the time the obligations are issued that the aggregate value of the local public funds will exceed \$5,000,000 or five percent of the aggregate face amount of the obligations. The issuer must value the services at the reasonable cost of delivering them. The program contribution must be used for one or more of the following purposes:

(i) reducing the cost of financing the obligations, as described in clause (a);

(ii) securing the payment of debt service on obligations issued pursuant to the program;

(iii) financing public improvements under a comprehensive redevelopment or renewal program, if the costs are reasonably allocable to a facility financed with the proceeds of the obligations and if the improvements are made no earlier than three years prior to issuance of the obligations to which the contribution applies or more than one year after issuance; or

(iv) other costs reasonably related to the program.

If the governmental unit is reimbursed by a nonexempt person for any part of the program within five years after the contribution was made, the reimbursement must be applied for one or more of the purposes described in this paragraph.

For purposes of this subdivision, "governmental unit" means the issuer that issues the obligations for the project or the governmental unit that approves the obligations for purposes of section 103(k)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1985, or both.

Subd. 28. [WASTE MANAGEMENT PROJECT.] "Waste management project" means a project which is authorized by chapter 115A or 400, sections 473.801 to 473.834, or by any other law or home rule charter authorizing substantially the same type of project.

Subd. 29. [WRITTEN DEVELOPMENT PROGRAM.] "Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:

(1) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;

(2) a statement of the objectives for the development of the area subject to the plan;

(3) a statement of the development plan for the area subject to the plan, including the property within the area, if any, which is to be acquired by a governmental unit;

(4) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and

(5) a description of the kind and an estimate of the amount of public funds, including local public funds, expected to be spent in connection with the development of the area subject to the plan.

Sec. 11. [474A.03] [DETERMINATION OF ANNUAL VOLUME CAP.]

Subdivision 1. [ANNUAL VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.] At the beginning of each calendar year, the department shall determine the aggregate dollar amount of the annual volume cap under existing federal tax law for the calendar year, and of this amount the department shall determine the following amounts:

(1) the amount that is allocated to entitlement issuers under section 12;

(2) the amount initially available for allocation through the pool under section 13, which is the annual volume cap determined under this subdivision less the amount determined under clause (1); and

(3) *the amount available for issuance of qualified mortgage bonds under section 15.*

Subd. 2. [ANNUAL VOLUME CAP UNDER FEDERAL VOLUME LIMITATION ACT.] *At the beginning of each calendar year, the department shall determine the aggregate dollar amount of the annual volume cap under a federal volume limitation act during the calendar year, and of this amount the department shall determine the following amounts:*

(1) *the amount, if any, that a federal volume limitation act requires be reserved for qualified 501(c)(3) bonds or the amount provided by section 20, subdivision 9;*

(2) *the amount of the governmental volume cap allocated to entitlement issuers under section 16, stating separately (i) the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in a federal volume limitation act, and (ii) the amount available for issuance of any obligations; and*

(3) *the amount initially available for allocation through the pool under section 19, which is the amount of the governmental volume cap less the aggregate of the amounts determined in clause (2).*

Notwithstanding the foregoing, for the period from and including January 1, 1987, to and including June 30, 1987, the following limitations shall apply: (i) one-half of the amount determined pursuant to clause (2)(ii) shall be allocated to entitlement issuers under section 16; (ii) the entire amount determined pursuant to clause (2)(i) shall be allocated to entitlement issuers under section 16; (iii) one-half of the amount determined pursuant to clause (3) shall be made available for allocation under section 19; and (iv) one-half of the amount, if any, determined pursuant to clause (1) shall be made available for allocation under section 20. The remaining amount of annual volume cap for calendar year 1987 not so allocated, or made available for allocation, shall remain unallocated unless otherwise provided by law.

Subd. 3. [ADJUSTMENTS FOR CHANGES TO VOLUME CAP IN FEDERAL VOLUME LIMITATION ACT.] *If the annual volume cap in a federal volume limitation act that becomes law is greater than or less than the annual volume cap that existed in a federal volume limitation act in the form that existed as of January 1, 1986, the department shall adjust the calculations made under subdivision 2, except for clause (1), and section 16, except as provided in section 27. If the annual volume cap is adjusted, the commissioner may withdraw any allocation granted before the adjustment was made pursuant to which obligations have been issued, only with the written consent of the issuer.*

Sec. 12. [474A.04] [ENTITLEMENT ALLOCATIONS UNDER EXISTING FEDERAL TAX LAW.]

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] *Of the aggregate annual volume cap under existing federal tax law, \$25,000,000 for each calendar year is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, any unused portion of the amount allocated to the higher education coordinating board pursuant to this subdivision cancels and the authority must be reallocated pursuant to section 13.*

Subd. 2. [IRON RANGE RESOURCES AND REHABILITATION ALLOCATION.] *Of the aggregate annual volume cap under existing federal tax law, \$30,000,000 for each calendar year is allocated to the iron range resources and rehabilitation commissioner. After September 1 of each year, the iron range resources and rehabilitation commissioner may retain any unused portion of the allocation only if the commissioner has submitted to the department on or before September 1 a preliminary resolution for a specific project and a letter which states (1) the intent to issue obligations pursuant to the allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which the commissioner intends to issue obligations. The commissioner may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1, any unused portion of the amount allocated to the iron range resources and rehabilitation commissioner and not reserved by a preliminary resolution, a letter of intent, and an application deposit is canceled and must be reallocated under section 13. If the iron range resources and rehabilitation commissioner returns for reallocation all or a part of the allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days.*

Upon the request of a statutory city located in the taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations, in an amount requested by the city but not to exceed \$5,000,000, on behalf of the city.

Subd. 3. [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY ALLOCATION.] *Of the aggregate annual volume cap under existing federal tax law, \$60,000,000 for each*

calendar year is allocated to the energy and economic development authority. After September 1 of each year, the energy and economic development authority or any issuer which receives an allocation from the energy and economic development authority may retain any unused portion of its allocation only if it has submitted to the department, on or before September 1 a preliminary resolution for a specific project and a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of its unused allocation or the portion of it pursuant to which it intends to issue obligations. The energy and economic development authority may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the energy and economic development authority and not reserved by a preliminary resolution, a letter of intent, and an application deposit is canceled and must be reallocated under section 13. If the energy and economic development authority or any issuer which receives an allocation from the authority returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 4. [ENTITLEMENT CITIES.] Of the aggregate annual volume cap under existing federal tax law, for each calendar year the amount determined pursuant to this subdivision is allocated to (1) cities of the first class, and (2) the largest Minnesota city located in a metropolitan statistical area that does not contain a city of the first class, if the city has a population of 25,000 or more. The amount allocated to a first class city shall be an amount equal to \$200 multiplied by the city's population. The amount allocated to each city qualifying under clause (2) is \$5,000,000. After September 1 of each year, an issuer receiving an allocation under this subdivision may retain any unused portion of its allocation only if it has submitted to the department by September 1 a letter stating its intent to issue obligations pursuant to its allocation before the end of the calendar year or within the time permitted under existing federal tax law and an application deposit equal to one percent of the amount of the unused allocation for which it intends to issue obligations. Any unused portion of an allocation for which an application deposit and letter of intent has not been received by the department by September 1 must be canceled and reallocated under section 13. If an issuer returns for reallocation all or part of its allocation under this subdivision by October 31, the application deposit equal to one percent of the amount returned must be refunded to the issuer.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

Subd. 5. [NOTICE OF ENTITLEMENT ALLOCATION.] As soon as possible in each calendar year, the department shall provide to each entitlement issuer a written notice of the amount of its entitlement allocation under this section.

Subd. 6. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer under this section.

Sec. 13. [474A.05] [ALLOCATION OF POOL AMOUNT UNDER EXISTING FEDERAL TAX LAW.]

Subdivision 1. [POOL AMOUNT.] Of the aggregate annual volume cap under existing federal tax law, the amount determined pursuant to section 11, subdivision 1, clause (2), shall be allocated among issuers pursuant to this section for each calendar year. An entitlement issuer may apply for an allocation pursuant to this section only after August 20. An entitlement issuer may apply for an allocation before November 1 only if the entitlement issuer has adopted a final resolution authorizing the sale of obligations equal to any allocation received under section 12 or has returned all of its unused allocation for reallocation under this section.

Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:

(a) A city of the first class may apply for an allocation for a manufacturing project at any time.

(b) State issuers may apply for and receive allocations under this section at any time for an aggregate amount not to exceed that portion of its entitlement allocation returned for reallocation under section 12.

Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, and (2) an application deposit in the amount of one percent of the requested allocation. An issuer may elect not to submit an application for an allocation for a project for which the issuer previously adopted a preliminary resolution.

Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received pursuant to this section on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:

(a) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment

rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (1) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(b) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individuals employed for each year must be based on the same source, and must be (1) the most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(c) The project will provide additional general tax revenue to the taxing jurisdictions in which the project is located beginning not later than three years after issuance of the obligations.

(d) The number of jobs to be created by the project is at least two jobs for each \$100,000 of issuance authority requested for the project.

(e) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, based on the most recent certification of assessed value to the commissioner of revenue, has either (1) declined in relation to the first calendar year before the certification, or (2) increased in relation to the first calendar year before the certification at a rate which is less than 90 percent of the rate of increase of the state average market value over the same period.

(f) The total capital expenditures for the project exceed by ten percent the amount of the proceeds of the obligations to be issued for the project.

(g) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(h) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To qualify under this clause the project need not be included in a tax increment financing district.

(i) The project meets one of the following energy conservation criteria: (1) the project is eligible for the additional federal investment tax credits for energy property, (2) the project

involves construction or expansion of a district heating system as defined in section 116J.36, or (3) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d) or 116M.03, subdivisions 22, 23 and 26.

(j) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (1) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (2) designated in the National Register pursuant to United States Code, title 16, section 470a.

(k) Service connections to sewer and water systems are available to the project at the time the application is submitted.

(l) As provided by a binding agreement by the principal user or users of the project with the applicant, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.

(m) When the application is submitted either (1) the anticipated owner of the project, or any party of which the owner is a controlling partner or shareholder, or which is a controlling shareholder or partner of the owner, does not own or operate a substantially similar business within the state or (2) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one or more other municipalities within the state to the municipality in which the project is located.

(n) A controlling interest in the project will be owned by one or more women or minority persons.

(o) Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority under this section on Monday of each week to applications received on or before Monday of the preceding week in the following order of priority and available issuance authority may not be allocated to any other project:

(1) applications for manufacturing projects;

(2) applications for pollution control projects or waste management projects; and

(3) applications for commercial redevelopment projects.

Within each category of applications available authority shall be allocated on the basis of the numerical rank determined pursuant to this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the ranking of the applications must be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(b)(1) From January 1 through September 30, no more than 20 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(2) From January 1 to September 30, no more than 35 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (i) on or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; and (ii) the entire amount of issuance authority available under this subparagraph for commercial redevelopment projects has been allocated.

Subd. 5. [LETTER OF INTENT.] After September 1 of each year, an issuer which has received an allocation pursuant to this section prior to September 1 may retain any unused portion of the allocation only if the issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations pursuant to the allocation before the end of the calendar year or within the time period permitted by existing federal tax law. If the letter of intent is not submitted to the department, the one percent application deposit must be returned to the issuer, the allocation is canceled, and the issuance authority is available for reallocation pursuant to this section. If an issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 6. [FINAL ALLOCATION.] From October 1 to December 31 of each year, the annual volume cap under existing

federal tax law, which is not both previously allocated and subject to a preliminary resolution for a specific project, whether or not committed pursuant to a letter of intent, is available for allocation or reallocation and shall be allocated among issuers. The iron range resources and rehabilitation commissioner, the energy and economic development authority, or an entitlement city may reallocate after September 30 its retained allocation among projects identified in preliminary resolutions filed with the department prior to October 1. An application for an allocation under this subdivision must include evidence of passage of a preliminary resolution and state that it is the intent of the applicant that the obligations will be issued by the end of the year or within the time period permitted by existing federal tax law, and must be accompanied by an application deposit in the amount of one percent of the requested allocation. Applications must be made and allocations shall be awarded in accordance with subdivisions 3 and 4.

After September 30, authority may be allocated under this subdivision to any project, notwithstanding the percentage limits and other restrictions contained in subdivision 4. Applications must be ranked and authority allocated first according to the order of priority and ranking of points under subdivisions 3 and 4. The remaining authority must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among them must be made by lot unless otherwise agreed by the respective applicants.

If issuance authority remains or becomes available following the last Monday on which allocations are made for any calendar year, the department must allocate the available authority to the department of finance. The department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.

Subd. 7. [RETURN OF ALLOCATION.] *If on or after November 1 but prior to December 1 of any year, an issuer determines that it will not issue obligations pursuant to an allocation received by it pursuant to this section or section 12 by the end of that year or within the time period permitted by existing federal tax law, the issuer must notify the department and the amount will be available for reallocation pursuant to this subdivision. In such case, the department shall refund to the issuer within 30 days that portion of any application deposit equal to one-third of one percent of the amount returned for reallocation. The amounts available for reallocation must be allocated on or before December 31 pursuant to subdivision 6.*

Sec. 14. [474A.06] [NOTICE OF ISSUE UNDER EXISTING FEDERAL TAX LAW.]

Issuers that issue obligations subject to existing federal tax law shall file with the department within five days after the obligations are issued a written notice of issue stating the date of issuance of the obligations, the allocation under which the obligations are issued, and the principal amount of the obligations. If obligations are to be issued as a series of obligations, the notice of issue must be filed for each series of obligations that is issued. If the notice of issue is not filed within five days after the obligations are issued, the obligations shall be considered not to have received an allocation under existing federal tax law. Within 30 days after receipt of the notice, the department shall refund a portion of the application deposit required under section 12 or section 13 equal to one percent of the principal amount of the obligations issued.

Sec. 15. [474A.07] [QUALIFIED MORTGAGE BONDS.]

Subdivision 1. [HOUSING FINANCE AGENCY ALLOCATION.] The applicable volume limit for qualified mortgage bonds for the Minnesota housing finance agency, pursuant to existing federal tax law, for a calendar year is 100 percent of the state ceiling for qualified mortgage bonds for that year, reduced only by (1) any amounts of qualified mortgage bonds which have been or may be allocated by law to specified cities, and (2) any amounts of qualified mortgage bonds which are allocated to cities pursuant to subdivisions 2 and 3. The aggregate amount allocated to cities, under clause (1) or (2), together with the amount of qualified mortgage bonds reserved for the agency, shall not exceed the limit for the state under existing federal tax law.

By August 1 of each year, a city which has received by law an allocation of the state ceiling for qualified mortgage bonds shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of qualified mortgage bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.

Subd. 2. [CITY ALLOCATION.] Unless otherwise authorized by law, a city that intends to issue during any calendar year qualified mortgage bonds that are subject to existing federal tax law, shall by January 2 of that year submit to the Minnesota housing finance agency a program that will use a portion of the state qualified mortgage bond ceiling. The total amount of qualified mortgage bonds included in all programs submitted

pursuant to this subdivision by a city may not exceed \$10,000,-000. Each program shall be accompanied by a certificate from the city that states that the qualified mortgage bond issue is feasible. By February 1, the Minnesota housing finance agency shall review each program pursuant to section 462C.04, subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with chapter 462C, and that meet the following conditions:

(1) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and

(2) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of qualified mortgage bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (i) a city of the first class, (ii) a city that did not receive an allocation under this subdivision or Minnesota Statutes 1984, section 462C.09, subdivision 2(a), or Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2(a), during the preceding two calendar years, or (iii) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii), the Minnesota housing finance agency shall select by lot from among the remaining programs the programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (1) and (2) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for qualified mortgage bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues proposed in the program.

If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue qualified mortgage

bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the qualified mortgage bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program expires on September 1, and the applicable limit for the Minnesota housing finance agency is increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (1), need not apply under this subdivision with respect to bonds allocated by law to the city. Nothing in this subdivision shall prevent any such city from applying for an additional allocation of bonds under this subdivision.

Subd. 3. [ADDITIONAL CITY ALLOCATION.] On or before September 1 of each year, the Minnesota housing finance agency shall identify the amount, if any, of its applicable limit for qualified mortgage bonds for that calendar year that it does not intend to issue. A city that intends to issue qualified mortgage bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit as provided in subdivision 1 which the agency does not intend to issue. The total amount of qualified mortgage bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed \$10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for a city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed \$10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. Nothing in this subdivision shall prevent a city referred to in subdivision 1, clause (1), from applying for an additional allocation of bonds under this subdivision.

Subd. 4. [AGENCY REVIEW.] The 30-day review requirement in section 462C.04, subdivision 2, does not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the dates set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section is effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of

the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.

Subd. 5. [STATE CERTIFICATION.] The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(j)(4)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

Subd. 6. [CORRECTION AMOUNTS FOR MORTGAGE CREDIT CERTIFICATE PROGRAMS.] A reduction in the state ceiling for qualified mortgage bonds caused by the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed against the amount of qualified mortgage bonds allocated by law, other than by way of this section, to the city which adopted the program. If no such allocation exists or it is less than the correction amount determined by the secretary of the treasury, then the amount of the correction amount in excess of the allocation shall be assessed against the 27-1/2 percent of the state ceiling allocated to the cities under subdivision 2.

Subd. 7. [FEDERAL VOLUME LIMITATION ACT.] Any issuance authority received by the agency under section 17 or by a city under section 16 or subdivision 3 may be used for the issuance of "qualified mortgage bonds" or obligations with a comparable definition in a federal volume limitation act, in the same manner and subject to the same conditions provided for in this section for qualified mortgage bonds.

Sec. 16. [474A.08] [DETERMINATION OF ENTITLEMENT ALLOCATIONS UNDER FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [ENTITLEMENT ISSUERS.] The dollar amount of the governmental volume cap allocated to entitlement issuers under a federal volume limitation act for each calendar year must be determined by the department as follows:

(1) to the department of finance 24 percent of the governmental volume cap to be allocated among state issuers under section 17;

(2) to each city, a sum equal to 75.6 percent of the amount of bond issuance authority allocated to the city under section 12, subdivision 4, provided that if there is an adjustment to the annual volume cap under section 11, subdivision 3, the amount of issuance authority allocated by this clause must be adjusted so that each city is allocated a percentage of the adjusted governmental volume cap that is equal to the percentage of the governmental volume cap originally allocated to each city;

(3) to each city to which bond issuance authority is specifically allocated under state law for qualified mortgage bonds, a sum equal to the full amount of the bond issuance authority, which amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act prior to September 1, and thereafter may also be used for the issuance of either such mortgage bonds or obligations to finance multifamily housing projects;

(4) to a city or cities that received an allocation to issue qualified mortgage bonds during 1986 under Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, an amount or amounts for 1986 equal to such allocation, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects; and

(5) to a city or cities determined in accordance with the procedure set forth in section 15, subdivision 2, an allocation to issue qualified mortgage bonds during 1987, in an amount determined in accordance with such procedure contained in section 15, subdivision 2, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects.

For any entitlement issuer that received an allocation for a qualified multifamily housing project in 1986 and did not issue obligations for the project within the time period specified under section 21, subdivision 3, the amount allocated to the entitlement issuer under this subdivision for 1987 must be reduced by the amount of the unused allocation and the amount of any other allocation retained by that issuer after September 1, 1986, for which obligations have not been issued in 1986. The amount of any reduction in allocation must be added to the amounts available for pool allocation under section 19.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

Subd. 2. [NOTICE OF ENTITLEMENT ALLOCATION.]
As soon as possible in each calendar year, the department shall provide a notice of entitlement allocation to each entitlement issuer stating separately the amount that may be issued for "qualified mortgage bonds" or for obligations with a comparable definition, a federal volume limitation act and the amount that may be issued for any obligations.

Sec. 17. [474A.09] [ALLOCATION OF STATE ENTITLEMENTS UNDER FEDERAL VOLUME LIMITATION ACT.]

The amount allocated to the department of finance under section 16, subdivision 1, clause (1), may be allocated or reallocated by the commissioner of the department of finance internally among state issuers at any one time or from time to time during the calendar year, provided that 11.5 percent of the entitlement allocation is allocated to the iron range resources and rehabilitation commissioner. Upon the request of a statutory city located in the taconite tax relief area that received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations on behalf of the city, in an amount requested by the city but not to exceed 17 percent of the amount allocated to the commissioner under this subdivision.

Sec. 18. [474A.10] [ENTITLEMENT ISSUERS UNDER THE FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [NOTICE OF ISSUE.] Each entitlement issuer that issues obligations pursuant to an entitlement allocation received under section 16 shall provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; (4) the type or types of the obligations that cause them to be subject to the annual volume cap; and (5) the dollar amount of the obligations subject to the governmental volume cap of a federal volume limitation act. For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance is deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department shall refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the principal amount of the allocation authority issued.

Subd. 2. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer.

Subd. 3. [RESERVATION OR CANCELLATION OF ENTITLEMENT ALLOCATIONS.] After September 1, 1986, an entitlement issuer may retain all or a portion of its entitlement allocation under a federal volume limitation act only if the department has received by September 1 a letter stating the intent of the entitlement issuer to issue obligations under its entitlement

allocation before the end of the calendar year or within the time permitted by a federal volume limitation act and an application deposit equal to one percent of the unused allocation for which it intends to issue obligations, provided that there shall be credited against the required deposit, any deposit made in accordance with section 12 for a corresponding allocation under existing federal tax law. Any unused portion of an allocation for which an application deposit and letter of intent have not been received by the department by September 1, 1986, is canceled and must be reallocated under section 19. Notwithstanding the provisions of this subdivision, the department of finance may retain \$15,000,000 of its entitlement allocation for the issuance of obligations. If any time after August 31, 1986, the department of finance determines that part or all of the retained allocation will not be required for obligations issued by the state, the portion not required shall be canceled and shall be reallocated under section 19.

If an entitlement issuer returns for reallocation all or part of its allocation under this subdivision after August 31, but on or before October 31, the application deposit equal to one percent of the amount of issuance authority returned must be refunded to the issuer. If all or part of the entitlement allocation is returned for reallocation after October 31, but before December 1, the application deposit equal to one-third of one percent of the amount of issuance authority returned must be refunded. The amount of any refund is reduced by the amount of the deposit refunded under section 12.

Sec. 19. [474A.11] [ALLOCATION OF POOL AMOUNT UNDER THE FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [POOL AMOUNT.] For calendar year 1986 and from January 1 to June 30 of calendar year 1987, the portion of the governmental volume cap determined under section 11, subdivision 2, clause (3), and any allocations canceled or returned for reallocation under section 18 or section 20, subdivision 9, shall be allocated to issuers, other than state issuers, under this section.

An entitlement issuer may apply for an allocation under this section only after August 20. If an entitlement issuer applies for an allocation prior to November 1, the entitlement issuer must have either adopted a final resolution authorizing the sale of obligations in an amount equal to any allocation received under section 16 or returned any remaining allocation for reallocation under this section. State entitlement issuers, other than the iron range resources and rehabilitation commissioner, may not apply for an allocation under this section except as provided in clause (d).

Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:

(a) *Entitlement issuers that received an allocation only under section 16, subdivision 1, clause (4) or (5), may apply for an allocation at any time.*

(b) *A city of the first class may apply for an allocation for a manufacturing project at any time.*

(c) *Any entitlement issuer, other than state issuers, may apply for an allocation for a qualified multifamily housing project after September 1 if (1) it has adopted a preliminary resolution for specific projects for the amount of any of its retained entitlement allocation, and (2) the amount of allocation applied for does not exceed \$10,000,000.*

(d) *State issuers may apply for and receive allocations under this section at any time in an aggregate amount not to exceed that portion of the state's entitlement allocation returned for reallocation under section 18.*

Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, and (2) if the application is submitted prior to September 1 of any calendar year, an application deposit in the amount of one percent of the requested allocation, or if the application is submitted after August 31, 1986, an application deposit in the amount of two percent of the requested allocation, provided that there shall be credited against the required deposit any deposit made with respect to the same project in accordance with section 13. An application deposit for a qualified multifamily housing project must include an additional application deposit in the amount of one percent of the requested allocation. An application pursuant to this section may be combined with an application under section 13.

Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received under this section on the basis of the number of points awarded to it, with one point being awarded for each of the criteria listed in section 13, subdivision 3, that are satisfied, and one point being awarded for each of the following criteria:

(1) the project is a multifamily housing project; and

(2) the project is a multifamily housing project designed for rental primarily to handicapped persons or to elderly persons.

An application for an allocation relating to an issue of obligations the proceeds of which are to be used to refund outstanding obligations shall be assigned a ranking of no points.

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority on Monday of each week to applications received by Monday of the preceding week, in the following order of priority and available issuance authority may not be allocated to any other project prior to October 1, 1986:

- (1) applications for manufacturing projects;*
- (2) applications for pollution control projects or waste management projects; and*
- (3) applications for commercial redevelopment projects or multifamily housing projects.*

Within each category of applications available authority must be allocated on the basis of the numerical rank determined under this section. In the case of an application for an allocation relating to more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the ranking of the applications must be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department shall notify the applicant and shall return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(b) From January 1 to September 30, no more than 20 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(c) From January 1 to September 30, no more than 35 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects and multifamily housing projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (1) on or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; and (2) the entire amount of issuance authority available under this clause for commercial redevelopment and multifamily housing projects has been allocated.

From October 1 to December 31 of each year, the annual volume cap under a federal volume limitation act, which is not

both previously allocated and subject to a preliminary resolution for a specific project, whether or not committed pursuant to a letter of intent, or which is not reserved for qualified mortgage bonds, is available for allocation or reallocation and shall be allocated among issuers. An entitlement issuer may reallocate after September 30 its retained allocation among projects identified in preliminary resolutions filed with the department prior to October 1.

After September 30, allocations shall be made under this subdivision to any project including, without limitation, projects for owner-occupied housing, notwithstanding the percentage limits and other restrictions contained in this subdivision. Applications must be ranked and allocations made first according to the order of priority and ranking of points under subdivision 3 and this subdivision. Any remaining amount must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among the applications must be made by lot unless otherwise agreed by the respective applicants.

Subd. 5. [CERTIFICATE OF ALLOCATION.] *The granting of an allocation of issuance authority by the department pursuant to this section shall be evidenced by issuance of a certificate of allocation provided to the applicant in accordance with section 21.*

Subd. 6. [FINAL ALLOCATION.] *If issuance remains or becomes available following the last Monday on which allocations are made during any calendar year, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency must be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board must be used for the issuance of obligations under chapter 136A.*

Sec. 20. [474A.12] [501(c)(3) POOL; FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [501(c)(3) POOL.] *This section applies only to allocations made under a federal volume limitation act. The amount, if any, of the aggregate annual volume cap that must be set aside for qualified 501(c)(3) bonds in 1986 or in 1987 or pursuant to subdivision 9 shall be allocated under this section.*

Subd. 2. [HIGHER EDUCATION FACILITIES AUTHORITY.] *Of the portion of the annual volume cap allocated under this section, \$20,000,000 for each calendar year is allocated to the higher education facilities authority for the issuance of obligations under sections 136A.25 through 136A.42. After Sep-*

tember 1 of each year, the higher education facilities authority may retain any unused portion of its allocation only if the higher education facilities authority submits to the department on or before September 1 a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under a federal volume limitation act, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which it intends to issue obligations. The authority may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the higher education facilities authority and not reserved by a letter of intent and an application deposit is canceled and subject to reallocation in accordance with subdivision 3. If the higher education facilities authority returns for reallocation all or any part of its allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 3. [APPLICATION.] An issuer may apply for an allocation of bond issuance authority under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution of the issuer, and (2) an application deposit in the amount of one percent of the requested allocation. The higher education facilities authority may apply for an allocation under subdivision 4 or subdivision 6 only if it has adopted a final resolution authorizing the sale of obligations in an amount equal to the allocation received and not returned for reallocation under subdivision 2.

Subd. 4. [ALLOCATION.] As of the 10th and 25th day of each month prior to September 1, the department shall allocate issuance authority available under this section on the basis of applications then on hand, assigning allocations in the order in which the applications are received by the department. If two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among the applications shall be by lot unless otherwise agreed by the respective applicants. Before September 1 the amount allocated to an issuer for a 501(c)(3) organization may not exceed \$15,000,000 for the year. Two or more local issuers may combine their allocations in one or more single bond issues which exceed \$15,000,000 so long as no more than \$10,000,000 of the bond issue is for facilities located within the geographic boundaries of each issuer. The obligations may be issued jointly by a joint powers board or by one issuer on behalf of all the issuers to whom the allocation is made.

Subd. 5. [LETTER OF INTENT.] After September 1 of each calendar year, an issuer which has received an allocation pursuant to this section prior to September 1, may retain an un-

used portion of the allocation only if the issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations before the end of the calendar year or within the time period permitted by a federal volume limitation act. If the letter of intent is not submitted to the department, the one percent application deposit must be returned to the issuer and the allocation is canceled and available for reallocation pursuant to subdivision 6. If an issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days. If it returns the allocation after October 31 but before December 1, that portion of the application deposit equal to one-third of one percent of the amount returned must be refunded within 30 days.

Subd. 6. [ALLOCATION AFTER SEPTEMBER 1.] *On September 1 of each year the aggregate amount set aside for qualified 501(c)(3) bonds, less any amounts previously allocated or reallocated and either reserved by an issuer with a letter of intent or with respect to which a notice of issue has been filed shall be reallocated in accordance with this subdivision.*

Bond issuance authority subject to reallocation under this subdivision on and after September 1 in any year must be allocated by the department in the order in which the applications were received by the department. If two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among such applications shall be by lot unless otherwise agreed by the respective applicants. As soon as practicable after September 1, the department shall publish in the State Register a notice of the aggregate amount available for reallocation pursuant to this subdivision. Within five days after September 10, October 10, November 10, December 10, and December 20, the department shall allocate available authority under this subdivision. If issuance remains or becomes available following the final December 20th allocation, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate the remaining authority to eligible projects under a federal volume limitation act.

Subd. 7. [NOTICE OF 501(c)(3) ALLOCATION.] *The department shall issue a notice granting an allocation of issuance authority under this section. No allocation shall be made if the sum of the principal amount of proposed allocation and the aggregate principal amount of allocations previously made and not returned for reallocation exceeds the amount of issuance authority set aside, without the right to override by state legislation for qualified 501(c)(3) bonds under a federal volume limitation act. If an application is rejected, the department must notify the applicant and return the application deposit to the applicant within 30 days, unless the applicant requests in writing that the application be resubmitted.*

Subd. 8. [NOTICE OF ISSUE.] Issuers that issue obligations under this section shall provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; and (4) the dollar amount of the obligations subject to the annual volume cap of a federal volume limitation act. For obligations issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance is deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department shall refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the amount of allocation authority issued.

Subd. 9. [NO MANDATORY SET-ASIDE; 501(C)(3) POOL.] If a federal volume limitation act is enacted that does not require that issuance authority be set aside for qualified 501(c)(3) bonds, \$70,000,000 of issuance authority is available for allocation under this section from January 1 through October 31 of 1986 and \$35,000,000 of issuance authority is available for allocation under this section from January 1, 1987 through June 30, 1987. Notwithstanding the provisions of subdivision 6, if issuance authority is available for allocation pursuant to this subdivision, no allocation may be made pursuant to this section after October 31 for calendar year 1986 and the remaining amount of unallocated authority under this section that is or becomes available is canceled and must be reallocated pursuant to section 19.

Sec. 21. [474A.13] [CERTIFICATE OF ALLOCATION UNDER FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [ISSUANCE OF CERTIFICATE OF ALLOCATION.] The department shall issue a certificate of allocation for any allocation granted under section 19, except as provided in subdivision 4.

Subd. 2. [ISSUANCE OF CERTIFICATE OF ALLOCATION; GENERAL OBLIGATIONS.] The department shall issue a certificate of allocation for any general obligation for which an allocation request is received upon forms provided by the department, except as provided in subdivision 4. Such forms shall contain:

- (1) the name and address of the issuer;*
- (2) the address, telephone number, and name of an authorized representative of the issuer;*
- (3) the principal amount of general obligations proposed to be issued by the issuer;*

(4) *the title of the proposed issue;*

(5) *a statement of the issuer that the proposed issue of obligations is expected to be offered for sale on or before the expiration date of the certificate of allocation for which the request is being made;*

(6) *the amount of the allocation requested;*

(7) *the project or projects to be financed with the general obligations; and*

(8) *a certification that the general obligations do not constitute "industrial development bonds" as defined in section 103(b) of the Internal Revenue Code of 1954, as amended through December 31, 1985, which certification shall be accompanied by an opinion of bond counsel to such effect.*

An entitlement city may apply for a certificate of allocation under this subdivision prior to October 1 only if it has adopted a final resolution authorizing the sale of obligations in an amount equal to any allocation received under section 16 or returned any remaining allocation for reallocation under section 19. No certificate of allocation shall be issued pursuant to this authorization in excess of \$10,000,000. The aggregate amount of issuance authority that may be allocated to an issuer pursuant to this subdivision for the calendar year may not exceed \$20,000,000. If submitted on or after September 1 for calendar year 1986, an allocation request shall be accompanied by a deposit in the amount of one percent of the amount of allocation requested. The department shall issue certificates of allocation on Monday of each week for applications received by Monday of the preceding week and shall make the allocations among the applications by lot.

Subd. 3. [NOTICE OF ISSUE.] A certificate of allocation expires and is deemed not to have been issued if the department has not received a notice of issue on a form provided by the department stating that the obligations for which the certificate of allocation was provided were issued, or in the case of a general obligation, a final resolution providing for sale was adopted, within the longest of the following periods:

(1) *for a certificate of allocation issued on or prior to August 15, 1986, or anytime in 1987, within 30 days of the date of issuance of the certificate;*

(2) *for a certificate of allocation issued between August 16 and September 1, 1986, by September 16, 1986;*

(3) *for a certificate of allocation issued on or after September 1 and before the second to the last Monday of December 1986, within 15 days of the date of issuance of the certificate;*

(4) for a certificate of allocation issued on or after the second to the last Monday of December 1986, by the end of that year or within the time permitted by a federal volume limitation act; and

(5) for a certificate of allocation issued to an entitlement issuer for a qualified multifamily housing project, within 30 days of issuance of the certificate of allocation.

Any of the periods specified in clauses (1), (2), or (3) may be extended for an additional period of the same number of days if an additional deposit in the amount of three percent of the amount of the certificate of allocation is provided before the end of the initial period. The period specified in clause (5) may be extended for an additional 30 days if an additional deposit in the amount of four percent of the amount of the certificate of allocation is provided before the end of the initial period.

The notice of issue must be executed by an officer of the issuer or by the bond counsel approving the issue and must state the principal amount of the obligations issued or to be issued and the difference, if any, between the amount issued or to be issued and the amount stated in the certificate of allocation. If the notice of issue is not provided to the department by the time required, the certificate of allocation expires, the issue is deemed not to have received an allocation for the purpose of complying with a federal volume limitation act, and the deposit required by section 19 or this section is forfeited by the issuer. If the notice is received by the department on or prior to the prescribed deadline, then within 30 days after receipt of this notice, the department shall refund a portion of any application deposit in proportion to the amount of allocation authority issued, reduced by any amount refunded under section 13.

Subd. 4. [LIMITATIONS ON THE ISSUANCE OF CERTIFICATES.] No certificate of allocation may be granted under a federal volume limitation act under any of the following circumstances:

(1) the amount of the allocation requested, when added to (i) the aggregate amount of certificates of allocation issued and not expired; (ii) amounts remaining available to be allocated pursuant to section 19; and (iii) entitlement authority allocated pursuant to section 16 and not returned pursuant to section 18, subdivision 3, for reallocation would cause the governmental volume cap to be exceeded. If two or more applications for a certificate of allocation are filed with the department on the same day and there is insufficient issuance authority for the applications, certificates shall be issued first for applications made pursuant to subdivision 2 and thereafter for applications made pursuant to subdivision 1; or

(2) *the principal amount of the proposed allocation exceeds \$25,000,000 unless the issuer is the Minnesota housing finance agency or the Minnesota higher education coordinating board, or unless the issue is a pooled or joint issue or any issue of a joint powers board, provided that for joint or pooled issues or issues of a joint powers board the aggregate amount of the issue cannot exceed \$100,000,000.*

Subd. 5. [CERTIFICATES ARE NOT TRANSFERABLE.] Certificates of allocation are not transferable. An issuer that receives an allocation of issuance authority pursuant to sections 9 to 29 to finance a project within the boundaries of the issuer may allow another issuer to issue obligations pursuant to the issuance authority only if the boundaries of the other issuer are coterminous with the boundaries of the issuer that received the authority.

Sec. 22. [474A.14] [NOTICE OF AVAILABLE AUTHORITY.]

The department shall publish in the State Register at least twice monthly, a notice of the amount of issuance authority, if any, available for allocation pursuant to sections 18, 19, and 20.

Sec. 23. [474A.15] [STATE HELD HARMLESS.]

The state is not liable in any manner to any issuer, holder of obligations, or other person for carrying out the duties imposed on it under sections 9 to 29.

Sec. 24. [474A.16] [EXCLUSIVE METHOD OF ALLOCATION.]

Sections 9 to 29 shall be the exclusive method for allocating authority to issue obligations for the purposes of complying with the volume limitation of a federal volume limitation act and existing federal tax law. An issuer of obligations may elect to obtain an allocation of authority under either existing federal tax law, a federal volume limitation act, or both.

Sec. 25. [474A.17] [ADMINISTRATIVE PROCEDURE ACT NOT APPLICABLE.]

Minnesota Statutes, chapter 14, shall not apply to actions taken by any state agency, entity, or the governor under sections 9 to 29.

Sec. 26. [474A.18] [PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT.]

Sections 9 to 29 prospectively override and replace the method of allocating the authority to issue obligations among uses and

among issuers as provided in a federal volume limitation act to the extent allowed by a federal volume limitation act.

Sec. 27. [474A.19] [GOVERNOR'S ACTION.]

If at any time before June 30, 1987, a federal volume limitation act is enacted into law in a form different from that existing as of December 31, 1985, which eliminates or adds any requirement that a specific type of obligation is subject to a volume limitation that is inconsistent with the allocation mechanism provided for in sections 9 to 29, or provides for other restrictions on the allocation of issuance authority that are inconsistent with the allocation mechanism provided for in sections 9 to 29, the governor may, consistent with a federal volume limitation act as enacted, by executive order or proclamation, establish such revisions to the allocation system as may be necessary and appropriate and which the governor, in consultation with the legislative advisory commission and the attorney general, determines are most consistent with the purposes of and the allocation mechanism provided for in sections 9 to 29. An executive order or proclamation made by the governor under this section shall not withdraw or impair any allocation made if obligations have been issued under such allocations unless the obligations are not or will not be subject to the volume cap of a federal volume limitation act and written notice is provided to the issuer.

Any executive order made by the governor under this section must, to the extent possible, comply with the following requirements:

(a) If 501(c)(3) bonds are excluded from the volume cap in a federal volume limitation act, any allocation made under section 20 must be canceled, the provisions of section 20 will no longer be in force and effect, any unrefunded deposit made with the department under section 20 shall be refunded to the issuer within 30 days of the cancellation and any excess issuance authority previously set aside under section 20 for 501(c)(3) bonds shall, to the extent the exclusion of the 501(c)(3) bonds increases the amount of the governmental volume cap, be added on a pro rata basis to the amount of the governmental volume cap allocated to (1) state issuers under section 16, subdivision 1, clause (1); (2) entitlement cities under section 16, subdivision 1, clause (2); and (3) to the pool under section 11, subdivision 2, clause (3).

(b) If obligations for multifamily housing projects, or certain kinds thereof, are excluded from the volume cap in a federal volume limitation act, allocations granted for the projects are canceled and the commissioner shall refund any deposits for the projects within 30 days of cancellation. No adjustment shall be made in the allocation of the governmental volume cap except as provided under section 11, subdivision 3.

Sec. 28. [474A.20] [STATE CERTIFICATION.]

The commissioner of the department is designated as the state official to provide any pre-issuance or post-issuance certification required by a federal volume limitation act.

Sec. 29. [474A.21] [APPROPRIATION; RECEIPTS.]

Any fees collected by the department under sections 9 to 29 must be deposited in the general fund. The amount necessary to refund application deposits is appropriated to the department from the general fund for that purpose.

Sec. 30. Minnesota Statutes 1984, section 475.77, is amended to read:

475.77 [OBLIGATIONS SUBJECT TO FEDERAL VOLUME LIMITATION ACT.]

Sections (474.16 TO 474.23) 9 to 29 apply to any issuance of obligations which are subject to limitation under a federal volume limitation act as defined in section (474.16) 10, subdivision (5) 9, or existing federal tax law as defined in section 10, subdivision 8.

Sec. 31. [REPEALER.]

Minnesota Statutes 1984, sections 462C.09, subdivision 4; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25; and Minnesota Statutes 1985 Supplement, sections 116J.58, subdivision 4; 462C.09, subdivisions 1, 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26 are repealed. Nothing in this section is intended to affect the validity of any allocation granted pursuant to the repealed sections prior to the effective date of this article, including any allocation carried forward for use in a later calendar year. Nothing in this section is intended to affect the validity of any allocation granted pursuant to the repealed sections prior to the effective date of this article, including any allocation carried forward for use in a later calendar year. If prior to the date of enactment of this article, a notice of allocation is received pursuant to Minnesota Statutes 1985 Supplement, section 474.19, and if obligations pursuant to that allocation are not issued on or before the date of enactment of this article, the issuer may elect within 30 days after enactment of this article to either resubmit its application pursuant to the provisions of this article and receive a credit for the deposit already made or request a refund of the deposit. If a refund of the deposit is requested, the department must refund the deposit within 15 days.

Sec. 32. [EFFECTIVE DATE; SUNSET.]

This article is effective the day following final enactment. Sections 10, subdivisions 3, 9, 10, 11, 16, 22, and 25; 11, subdivisions

2 and 3; 15, subdivision 7; 16 to 21; and 26 to 28 are repealed effective July 1, 1987.

ARTICLE 2

Section 1. Minnesota Statutes 1984, section 124.214, is amended by adding a subdivision to read:

Subd. 3. If a return of excess tax increment is made to a school district pursuant to section 273.75, subdivision 2 or upon decertification of a tax increment district, the school district's aid entitlements and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, if the school district is entitled to basic foundation aid according to section 124A.02;

(ii) section 124A.10, subdivision 3a, and section 124A.20, subdivision 2, if the school district is entitled to third-tier aid according to section 124A.10, subdivision 4;

(iii) sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the school district is eligible for fourth-tier aid according to section 124A.12, subdivision 4;

(iv) section 124A.03, subdivision 4, if the school district is entitled to summer school aid according to section 124.201; and

(v) section 275.125, subdivisions 5 and 5c, if the school district is entitled to transportation aid according to section 124.225, subdivision 8a;

(B) to the total amount of the school district's certified levy for the fiscal year pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, 124A.20, subdivision 2, and 275.125, plus or minus auditor's adjustments.

(b) *An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:*

- (1) *the amount of the distribution of excess increment, and*
- (2) *the amount subtracted from aid pursuant to clause (a) of this subdivision.*

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds \$25,000.

Sec. 2. Minnesota Statutes 1984, section 273.1314, is amended by adding a subdivision to read:

Subd. 8a. [ADDITIONAL ENTERPRISE ZONE ALLOCATIONS.] (a) *In addition to tax reductions authorized in subdivision 8, the commissioner may allocate \$600,000 for tax reductions pursuant to subdivision 9 to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clause (1) or (3). Of this amount, a minimum of \$200,000 must be allocated to an area added to an enterprise zone pursuant to section 3. Allocations made pursuant to this subdivision may not be used to reduce a tax liability, or increase a tax refund, prior to July 1, 1987. Limits on the maximum allocation to a zone imposed by subdivision 8 do not apply to allocations made under this subdivision.*

(b) *A city encompassing an enterprise zone, or portion of an enterprise zone, qualifies for an additional allocation under this subdivision if the following requirements are met:*

- (1) *the city encompassing an enterprise zone, or portion of an enterprise zone, has signed contracts with qualifying businesses that commit the city's total initial allocation received pursuant to subdivision 8.*

- (2) *the city encompassing an enterprise zone, or portion of an enterprise zone, submits an application to the commissioner requesting an additional allocation for tax reductions authorized by subdivision 9. The application must identify a specific business expansion project which would not take place but for the availability of enterprise zone tax incentives.*

(c) The commissioner shall use the following criteria when determining which qualifying cities shall receive an additional allocation under this subdivision and the amount of the additional allocation the city is to receive:

(1) additional allocations to qualifying cities under this subdivision shall be made within 60 days of receipt of an application.

(2) applications from cities with the highest level of economic distress, as determined using criteria listed in section 273.1312, subdivision 4, paragraph (c), clauses (A) to (E), shall receive priority for an additional allocation under this subdivision.

(3) if the commissioner determines that two cities submitting applications within one week of each other have equal levels of economic distress, the application from the city with the business prospect which will have the greatest positive economic impact shall receive priority for an additional allocation. Criteria used by the commissioner to determine the potential economic impact a business would have shall include the number of jobs created and retained, the amount of private investment which will be made by the business, and the extent to which the business would help alleviate the economic distress in the immediate community.

(4) the commissioner shall determine the amount of any additional allocation a city may receive. The commissioner shall base the amount of additional allocations on the commissioner's determination of the amount of tax incentives which are necessary to ensure the business prospect will expand in the city. No single allocation under this subdivision may exceed \$100,000. No city may receive more than \$250,000 under this subdivision.

Sec. 3. Minnesota Statutes 1985 Supplement, section 273.-1314, subdivision 16a, is amended to read:

Subd. 16a. [ZONE BOUNDARY REALIGNMENT.] The commissioner may approve specific applications by a municipality to amend the boundaries of a zone or of an area or areas designated pursuant to subdivision 9, paragraph (e) at any time. Boundaries of a zone may not be amended to create noncontiguous subdivisions. If the commissioner approves the amended boundaries, the change is effective on the date of approval. Notwithstanding the area limitation under section 273.1312, subdivision 4, paragraph (b), the commissioner may approve a specific application to amend the boundaries of an enterprise zone which is located within five municipalities and was designated in 1984, to increase its area to not more than 800 acres, and may approve an additional specific application to amend the boundaries of that enterprise zone to include a sixth municipality.

Sec. 4. Minnesota Statutes 1984, section 273.73, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) Less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements, but due to unusual terrain or soil deficiencies requiring substantial filling, grading or other physical preparation for use at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the redevelopment district which, when added to the estimated cost of preparing that land for development, excluding costs directly related to roads as defined in section 160.01 and local improvements as described in section 429.021, subdivision 1, clauses 1 to 7, 11 and 12, and section 430.01, if any, exceeds its anticipated fair market value after completion of said preparation; provided that no parcel shall be included within a redevelopment district pursuant to this paragraph (3) unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies, which agreement provides recourse for the authority should the development not be completed; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way; or

(5) The property consists of vacant, unused, underused, inappropriately used or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way; or

(6) *The district consists of an existing or proposed industrial park no greater in size than 250 acres, which contains a sewage lagoon contaminated with polychlorinated biphenyls.*

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Parcel" shall mean a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Sec. 5. Minnesota Statutes 1984, section 273.75, subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following, in the order determined by the authority: (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or (d) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates. *The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 273.75, subdivision 4, is amended to read:

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT.] All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, by a housing and redevelopment authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality to finance or otherwise pay the capital and administration costs of a development district pursuant to chapter 472A, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, which revenues in the reserve shall

not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve. 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) *increments* (DERIVED FROM A PROJECT) may not 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. 7. [340A.318] [CREDIT EXTENSIONS RESTRICTED.]

Subdivision 1. [RESTRICTION.] Except as provided in this section, no retail licensee may accept or receive credit, other than merchandising credit in the ordinary course of business for a period not to exceed 30 days, from a distiller, manufacturer, or wholesaler of distilled spirits or wine, or agent or employee thereof. No distiller, manufacturer or wholesaler may extend the prohibited credit to a retail licensee. No retail licensee delinquent beyond the 30 day period shall solicit, accept or receive credit or purchase or acquire distilled spirits or wine directly or indirectly, and no distiller, manufacturer or wholesaler shall knowingly grant or extend credit nor sell, furnish or supply distilled spirits or wine to a retail licensee who has been posted delinquent under subdivision 3. No right of action shall exist for the collection of any claim based upon credit extended contrary to the provisions of this section.

Subd. 2. [REPORTING.] Every distiller, manufacturer or wholesaler selling to retailers shall submit to the commissioner in triplicate not later than Thursday of each calendar week a verified list of the names and addresses of each retail licensee purchasing distilled spirits or wine from that distiller, manufacturer or wholesaler who, on the first day of that calendar week, was delinquent beyond the 30 day period, or a verified statement that no delinquences exist which are required to be reported. If a retail licensee previously reported as delinquent cures the delinquency by payment, the name and address of that licensee shall be submitted in triplicate to the commissioner not later than the close of the second full business day following the day the delinquency was cured.

Subd. 3. [POSTING; NOTICE.] Verified list or statements required by subdivision 2 shall be posted by the commissioner in offices of the department in places available for public inspection and mailed to each licensed wholesaler not later than the day following receipt. Documents so posted and mailed shall constitute notice to every distiller, manufacturer or wholesaler of the information posted. Actual notice, however received, also constitutes notice.

Subd. 4. [MISCELLANEOUS PROVISIONS.] The 30 day merchandising period allowed by this section shall commence with the day immediately following the date of invoice and shall include all successive days, including Sundays and holidays, to and including the 30th successive day. In addition to other legal methods, payment by check during the period for which merchandising credit may be extended shall be considered payment. All checks received in payment for distilled spirits or wine shall be deposited promptly for collection. A postdated check or a check dishonored on presentation for payment does not constitute payment. A retail licensee shall not be deemed delinquent for any alleged sale in any instance where there exists a bona fide dispute between the licensee and the distiller, manufacturer or wholesaler as to the amount owing as a result of the alleged sale. A delinquent retail licensee who engages in the retail liquor business at two or more locations shall be deemed to be delinquent with respect to each location.

Subd. 5. [LICENSE SUSPENSION OR REVOCATION.] The license of any retail licensee, distiller, manufacturer or wholesaler violating any provision of this section shall be subject to suspension or revocation in the manner provided by this chapter.

Sec. 8. Minnesota Statutes 1984, section 412.301, is amended to read:

412.301 [FINANCING PURCHASE OF CERTAIN EQUIPMENT.]

The council may issue certificates of indebtedness (WITHIN EXISTING) or capital notes subject to the city debt limits (FOR THE PURPOSE OF PURCHASING FIRE OR POLICE) to purchase public safety equipment (OR), ambulance equipment (OR STREET), road construction or maintenance equipment, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. Such certificates or notes shall be payable in not more than five years and shall be issued on such terms and in such manner as the council may determine. If the amount of the certificates or notes to be issued to finance any such purchase exceeds one percent of the assessed valuation of the city, (EXCLUDING MONEY AND CREDITS,) they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 9. Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13, is amended to read:

Subd. 13. [INTEREST REDUCTION PROGRAM.] The authority to authorize payment of interest reduction assistance pursuant to subdivisions 10, 11 and 12 shall expire on January 1, (1987) 1989. Interest reduction assistance payments authorized prior to January 1, (1987) 1989 may be paid after January 1, (1987) 1989.

Sec. 10. Minnesota Statutes 1984, section 462A.03, subdivision 13, is amended to read:

Subd. 13. "Eligible mortgagor" means a nonprofit or cooperative housing corporation, limited profit entity or a builder as defined by the agency in its rules, which sponsors or constructs residential housing as defined in subdivision 7, or a natural person of low or moderate income, except that the return to a limited dividend entity shall not exceed ten percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules; *provided that residual receipts funds of a limited dividend entity may be used for agency-approved, housing-related investments owned by the limited dividend entity without regard to the limitation on returns.* Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that

will insure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low or moderate income who occupied the residential housing at the time of application for the loan.

Sec. 11. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:

Subd. 6. "City" means any statutory or home rule charter city, *a county housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to section 462.426*, or any public body which (a) is the housing and redevelopment authority in and for a *statutory or home rule charter city*, or the port authority of a *statutory or home rule charter city*, and (b) is authorized by ordinance to exercise, on behalf of a *statutory or home rule charter city*, the powers conferred by sections 462C.01 to (462C.08) *462C.10*.

Sec. 12. Minnesota Statutes 1984, section 462C.06, is amended to read:

462C.06 [COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.]

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to (462C.-07) *462C.10 either (1) on its own behalf or (2) on behalf of a city (other than a county housing and redevelopment authority)*, if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to section 462.426 *or the county housing and redevelopment authority has been created by special law*; provided, however, that any program undertaken pursuant to this section (SHALL BE INCLUDED IN THE LIMITATIONS PROVIDED IN SECTION 462C.07, SUBDIVISION 2, AND ALSO SHALL BE) *is* subject to the limitations of sections 462C.03 and 462C.04 in the case of a single family housing program, and subject to the limitations of section 462C.05 in the case of a multifamily housing development program.

Sec. 13. Minnesota Statutes 1984, section 462C.07, subdivision 1, is amended to read:

Subdivision 1. To finance programs or developments described in any plan the city may, upon approval of the program as provided in section 462C.04, subdivision 2, issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the purchase or mak-

ing of multifamily housing loans and the issuance of revenue bonds or other obligations the city may exercise within its corporate limits, any of the powers the Minnesota housing finance agency may exercise under chapter 462A, without limitation under the provisions of chapter 475. *The proceeds of revenue bonds issued to make or purchase single family housing loans that are jointly issued by two or more cities pursuant to section 471.59 may be used to make or purchase single family housing loans secured by homes in any of the cities.*

Sec. 14. [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.

Sec. 15. Minnesota Statutes 1984, section 471.59, subdivision 11, is amended to read:

Subd. 11. [JOINT POWERS BOARD.] Two or more governmental units, through action of their governing bodies, by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 through 5, may establish a joint board to issue bonds or obligations pursuant to any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to this section may issue obligations and other forms of indebtedness only pursuant to express authority granted by the action of the governing bodies of the governmental units which established the joint board. The joint board established pursuant to this subdivision shall be composed solely of members of the governing bodies of the governmental unit which established the joint board, and the joint board may not pledge the full faith and credit or taxing power of any of the governmental units which established the joint board. The obligations or other forms of indebtedness shall be obligations of the joint board issued on behalf of the governmental units creating the joint board. The obligations or other forms of indebtedness shall be issued in the same manner and subject to the same conditions and limitations which would apply if the obligations were issued or indebtedness incurred by one of the governmental units which established the joint board provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be considered a reference to the joint board.

Sec. 16. Minnesota Statutes 1984, section 474.01, subdivision 6, is amended to read:

Subd. 6. In order to further these purposes and policies the department of energy and economic development (AUTHORITY) shall investigate, shall assist and advise municipalities, and

shall report to the governor and the legislature concerning the operation of sections 474.01 to 474.13 and the projects undertaken hereunder, and shall have all of the powers and duties in connection therewith which are granted to him by chapter 362 with respect to other aspects of business development and research.

Sec. 17. Minnesota Statutes 1984, section 474.01, subdivision 7b, is amended to read:

Subd. 7b. Prior to submitting an application to the *department of energy and economic development (AUTHORITY)* requesting approval of a project pursuant to subdivision 7a, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than (15) 14 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the *department of energy and economic development (AUTHORITY)*, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing and may thereafter apply to the *department of energy and economic development (AUTHORITY)* for approval of the project.

Sec. 18. Minnesota Statutes 1984, section 475.55, subdivision 1, is amended to read:

Subdivision 1. [INTEREST; FORM.] (1) Interest on obligations shall not exceed the greatest of (a) the rate determined pursuant to subdivision 4 for the month in which the resolution authorizing the obligations was adopted, or (b) the rate determined pursuant to subdivision 4 for the month in which the obligations are sold, or (c) the rate of ten percent per annum. All obligations shall be securities as provided in the Uniform Commercial Code, chapter 336, article 8, may be issued as certificated securities or as uncertificated securities, and if issued as certificated securities may be issued in bearer form or in registered form, as defined in section 336.8-102. The

validity of an obligation shall not be impaired by the fact that one or more officers authorized to execute it by the governing body of the municipality shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal issue date of the obligation. Every obligation, as to certificated securities, or transaction statement, as to uncertificated securities, shall be signed manually by one officer of the municipality or by a person authorized to act on behalf of a bank or trust company, located in or outside of the state, which has been designated by the governing body of the municipality to act as authenticating agent. Other signatures and the seal of the issuer may be printed, lithographed, stamped or engraved thereon and on any interest coupons to be attached thereto. The seal need not be used. A municipality may do all acts and things which are permitted or required of issuers of securities under the Uniform Commercial Code, chapter 336, article 8, and may designate a corporate registrar to perform on behalf of the municipality the duties of a registrar as set forth in those sections. Any registrar shall be an incorporated bank or trust company, located in or outside of the state, authorized by the laws of the United States or of the state in which it is located to perform the duties. If obligations are issued as uncertificated securities, and a law requires or permits the obligations to contain a statement or recital, whether on their face or otherwise, it shall be sufficient compliance with the law that the statement or recital is contained in the transaction statement or in an ordinance, resolution, or other instrument which is made a part of the obligation by reference in the transaction statement as provided in section 336.8-202.

(2) Notwithstanding paragraph (1), interest on obligations issued after April 1, 1986 and before July 1, 1987 is not subject to any limitation on rate or amount. For purposes of this paragraph, obligations issued after April 1, 1986 and before July 1, 1987 include reissuing, reselling, remarketing, refunding, refinancing or tendering, whether pursuant to section 475.54, subdivision 5a, or otherwise, of obligations after July 1, 1987 if the original obligations were issued before July 1, 1987 and after April 1, 1986.

Sec. 19. Minnesota Statutes 1984, section 475.55, is amended by adding a subdivision to read:

Subd. 7. [ASSUMED MAXIMUM INTEREST RATE FOR OTHER LAWS.] If an obligation is not subject to a maximum interest rate pursuant to subdivision 1, paragraph (1) and another law provides for a calculation of a debt service levy, determination of a rate of interest on a special assessment, or other factor based on an assumption that a maximum interest rate applies to the obligation, the governing body of the municipality may estimate or determine an assumed maximum interest rate for purposes of that law. If the municipality does not determine, specify or estimate the maximum interest rate for such

purpose, then the maximum interest rate for purposes of the other law is the maximum interest rate that would apply if subdivision 1, paragraph (2) were not in effect. This subdivision does not limit the interest rate that may be paid on obligations under subdivision 1.

Sec. 20. Minnesota Statutes 1985 Supplement, section 475.56, is amended to read:

475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any obligation of an issue of obligations otherwise subject to section 475.55, subdivision 1, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed the maximum rate of interest for the obligations determined in accordance with section 475.55, subdivision 1. For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate permitted for the obligations under section 475.55, subdivision 1, or the lesser maximum rate of interest payable on the obligations in accordance with their terms, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision

12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than 10,000, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally-recognized rating agency, *except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.*

Sec. 21. Minnesota Statutes 1985 Supplement, section 475.60, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS WAIVED.] The requirements as to public sale shall not apply to:

(1) obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) obligations sold by an issuer in an amount not exceeding the total sum of \$300,000 in any three-month period;

(3) obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately;

(4) obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency; (AND)

(5) obligations issued to fund pension and retirement fund liabilities under section 475.52, subdivision 6, obligations issued with tender options under section 475.54, subdivision 5a, cross-over refunding obligations referred to in section 475.67, subdivision 13, and any issue of obligations comprised in whole or in part of obligations bearing interest at a rate or rates which vary periodically referred to in section 475.56; and

(b) *obligations qualifying under section 475.55, subdivision 1, paragraph (2), if the governing body of the municipality determines that interest on the obligations will be includible in gross income for purposes of federal income taxation.*

Sec. 22. [475.561] [TAXABLE STATUS; SPECIAL PROVISIONS.]

Subdivision 1. [INCREASE OR DECREASE IN INTEREST.] (a) *Obligations may be issued which provide, if interest on the obligations is determined under the terms of the obligations to be subject to federal income taxation, for an increase in the rate of interest payable on the obligations, from the date of issuance or another date, to a rate provided under the terms of the obligations.*

(b) *If the municipality issues obligations it intends to be exempt from federal income taxation but bond counsel cannot provide an opinion that the interest on the obligations will be exempt from federal income taxation under pending legislation or regulations existing or proposed with retroactive effect or otherwise, the municipality may provide for the obligations to bear interest at a rate that will decrease, if the obligations are subsequently determined to be exempt from federal income taxation, to a rate and from a date to be determined under the provisions of the obligations.*

(c) *For purposes of section 475.61, subdivisions 1 and 3, the increase or decrease in interest rate permitted by this subdivision need not be taken into account until the increase or decrease occurs. Upon occurrence of the increase or decrease, the levy must be modified to provide at least five percent in excess of the amount necessary to pay principal and interest at the new rate of interest on the obligations.*

Subd. 2. [ARBITRAGE REBATE.] *A municipality may, from the proceeds of bonds, investment earnings, or any other available moneys of the municipality, pay to the United States or an officer, department, agency or instrumentality of the United States a rebate of excess earnings payment required by federal law to maintain the interest as tax exempt. A covenant to make a payment or payments pursuant to this subdivision is not an obligation of the municipality as defined in section 475.51, subdivision 3.*

Subd. 3. [PREPAYMENT OR PURCHASE OF BONDS.] *A municipality that issues obligations it intends to be exempt from federal income taxation may agree to prepay or purchase the obligations (a) at the time and in the amount it determines necessary or desirable to maintain the obligations as exempt from federal income taxation or (b) upon a determination that the obligations are taxable. A municipality may make arrangements to have money available with which to purchase or prepay the obligations as the municipality determines necessary or desirable. If arrangements are made with a financial institution pursuant to section 475.54, subdivision 5a or this subdivision and if the municipality owes the financial institution money under*

the arrangement, the agreement to pay the financial institution is not an obligation of the municipality as defined in section 475.51, subdivision 3, unless and until the amount to be paid or reimbursed is determined and becomes due and payable, whereupon, the obligation is, as provided by the agreement, a general or special obligation of the municipality, and may also be paid from the proceeds of refunding bonds issued pursuant to this chapter. The agreement may not be or become a general obligation of the municipality unless the underlying, originally issued obligation was a general obligation of the municipality. For purposes of section 475.61, subdivisions 1 and 3, money necessary to make the purchase or prepayment are not amounts needed to meet when due principal and interest payments on the obligations.

Subd. 4. [RATIFICATION.] This section is, in part, remedial in nature. Obligations issued prior to the effective date of this section are not invalid or unenforceable for providing terms, consequences or remedies that are authorized by this section.

Sec. 23. [CITY OF MINNEAPOLIS; PROPERTY TAX FORGIVENESS.]

Notwithstanding any other law to the contrary, the governing bodies of the city of Minneapolis, Hennepin county, Special School District No. 1, and any special taxing district may by resolution or ordinance forgive any or all of the liability for the tax imposed by section 272.01, subdivision 2, relating to property leased by the Minneapolis community development agency.

Sec. 24. [REPEALER.]

Laws 1963, chapter 728 is repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 18, 19, 21, 22 and 23 are effective the day following final enactment.

ARTICLE 3

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 two 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 municipi-

pality 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 3 is effective July 1, 1986.

ARTICLE 4

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 other law may create 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, con-

tract, 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 per cent 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 contract 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 agreements relating to the service to be provided and which 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 limitation, 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 that meets the requirements specified in the request for proposals.

Subd. 4. [SOURCES OF PAYMENT; COLLECTION PROCEDURE.] (a) 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.

(b) The rates and charges may be billed and collected in a manner the municipality shall determine consistent with this paragraph and other applicable law. 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.

(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) 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, in compliance with subdivision 3, 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.

Subd. 6. [REMEDIES.] *The municipality may provide that title to the facilities shall vest in or revert to the municipality if the private vendor defaults under any specified provisions in the service contract. The municipality may acquire or reacquire any facilities and terminate the service contract in accordance with its terms notwithstanding that the service contract may constitute an equitable mortgage. No lease of 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. 7. [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. 8. [INTEREST IN THE PRIVATE VENDOR.] *The municipality may, on terms and conditions it considers appropriate, acquire an interest in the private vendor as a joint venturer, including a share in the revenues derived from the related facilities, and grant a security interest in its interest in the private vendor and such revenues. However, no municipality or group of municipalities may have a controlling interest in the private vendor.*

Subd. 9. [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. 10. [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. 11. [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. 12. [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; SALE OR LEASE OF EXISTING FACILITY.]

(a) Unless expressly provided therein, and except as provided in this section, 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.

(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.*

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, these sections are controlling as to service contracts entered into under sections 2 to 13. 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, (2) any performance standard or effluent limitations applicable to related facilities, or (3) the provisions of any law relating to conflict of interest.

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 4 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to local government financing; allocating issuance authority for obligations subject to a federal volume limitation act; authorizing issuance of bonds; giving local governments certain powers; prescribing pollution control agency procedures; providing for wastewater treatment control; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 124.214, by adding a subdivision; 273.1314, by adding a subdivision; 273.73, subdivision 10; 273.75, subdivision 2; 273.77; 298.2211, subdivision 1; 412.301; 429.091, subdivision 8; 430.12; 459.35; 462.556; 462A.03, subdivision 13; 462C.02, subdivision 6; 462C.06; 462C.07, subdivision 1; 471.59, subdivision 11; 472.09, subdivision 8; 474.01, subdivisions 6 and 7b; 474.02, by adding a subdivision; 475.55, subdivision 1, and by adding a subdivision; 475.77; Minnesota Statutes 1985 Supplement, sections 273.1314, subdivision 16a; 273.75, subdivision 4; 458.1941; 462.445, subdivision 13; 475.56; 475.60, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115, 116, 297A, 340A, and 475; proposing coding for new law as Minnesota Statutes, chapters 471A, 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivision 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; Minnesota Statutes 1985 Supplement, sections 116J.58, subdivision 4; 462C.09, subdivisions 1, 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."

We request adoption of this report and repassage of the bill.

House Conferees: WILLIAM H. SCHREIBER, JOHN E. BRANDL, JOHN D. TOMLINSON, DON J. VALENTI and TERRY M. DEMPSEY.

Senate Conferees: LAWRENCE J. POGEMILLER, DON FRANK, GEN OLSON, DOUGLAS J. JOHNSON and MICHAEL O. FREEMAN.

Schreiber moved that the report of the Conference Committee on H. F. No. 2287 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

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

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

There were 104 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	Knuth	Ozment	Sherman
Anderson, R.	Fjoslien	Krueger	Pappas	Skoglund
Battaglia	Forsythe	Levi	Pauly	Solberg
Beard	Frederick	Lieder	Peterson	Sparby
Becklin	Frederickson	Marsh	Piepho	Stanius
Begich	Frerichs	McDonald	Piper	Sviggum
Bennett	Gruenes	McEachern	Poppenhagen	Thiede
Bishop	Gutknecht	McKasy	Price	Thorson
Blatz	Halberg	McLaughlin	Quinn	Tomlinson
Boerboom	Hartle	McPherson	Quist	Tompkins
Boo	Haukoos	Metzen	Redalen	Tunheim
Brandl	Himle	Miller	Rest	Uphus
Brown	Jacobs	Munger	Richter	Valan
Burger	Jaros	Murphy	Riveness	Valento
Carlson, D.	Jennings, L.	Nelson, K.	Rose	Vellenga
Clausnitzer	Johnson	Neuenschwander	Sarna	Waltman
Dempsey	Kahn	O'Connor	Schafer	Wenzel
DenOuden	Kalis	Ogren	Schreiber	Wynia
Dimler	Kelly	Olson, E.	Seaberg	Zaffke
Dyke	Kiffmeyer	Omamn	Segal	Spk. Jennings, D.
Elioff	Knickerbocker	Otis	Shaver	

Those who voted in the negative were:

Carlson, L.	Norton	Rees	Scheid	Voss
Ellingson	Olsen, S.	Rice	Simoneau	Welle
Minne	Osthoff	Rodosovich	Vanasek	

The motion prevailed.

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 add-

ing 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 by Conference, and placed upon its repassage.

The question was taken on the repassage 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 12 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Johnson	Miller	Quist
Anderson, R.	Dyke	Kahn	Minne	Redalen
Battaglia	Elioff	Kalis	Murphy	Rest
Beard	Erickson	Kelly	Nelson, K.	Richter
Becklin	Fjoslien	Kiffmeyer	Neuenschwander	Riveness
Begich	Forsythe	Knickerbocker	O'Connor	Rodosovich
Bennett	Frederick	Knuth	Ogren	Rose
Bishop	Frederickson	Kostohryz	Oison, E.	Schafer
Blatz	Frerichs	Krueger	Omann	Schoenfeld
Boerboom	Greenfield	Kvam	Onnen	Schreiber
Boo	Gruenes	Levi	Otis	Seaberg
Brandl	Gutknecht	Lieder	Ozment	Segal
Brown	Halberg	Long	Pappas	Shaver
Burger	Hartinger	Marsh	Pauly	Sherman
Carlson, D.	Hartle	McDonald	Peterson	Skoglund
Carlson, L.	Haukoos	McEachern	Piepho	Solberg
Clausnitzer	Heap	McKasy	Piper	Sparby
Cohen	Himle	McLaughlin	Poppenhagen	Stanisus
Dempsey	Jacobs	McPherson	Price	Staten
DenOuden	Jennings, L.	Metzen	Quinn	Svigum

Thiede	Tompkins	Valan	Vellenga	Wynia
Thorson	Tunheim	Valento	Waltman	Zaffke
Tomlinson	Uphus	Vanasek	Wenzel	Spk. Jennings, D.

Those who voted in the negative were:

Clark	Norton	Rees	Scheid	Voss
Ellingson	Olsen, S.	Rice	Simoneau	Welle
Jaros	Osthoff			

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1919

A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1919, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1919 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 123.-3514, subdivision 3, is amended to read:

Subd. 3. [(ELIGIBLE POST-SECONDARY INSTITUTIONS) DEFINITIONS.] For purposes of this section, an "eligible institution" means a Minnesota public post-secondary institution or a private, residential, *two-year or four-year*, liberal

arts, degree-granting college or university located in Minnesota. "Course" means a course or program.

Sec. 2. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil may apply to an eligible institution, as defined in subdivision 3, (TO ALLOW THE PUPIL) to enroll in nonsectarian courses (OR PROGRAMS) offered at that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course (OR PROGRAMS) and hours of enrollment of that pupil. *If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

Subd. 4a. [COUNSELING.] *To the extent possible, the school district shall provide counseling services to pupils and their parents or guardian before the pupils enroll in courses under this section to ensure that the pupils and their parents or guardian are fully aware of the risks and possible consequences of enrolling in post-secondary courses. The district shall provide information on the program including who may enroll, what institutions and courses are eligible for participation, the decision-making process for granting academic credits, financial arrangements for tuition, books and materials, eligibility criteria for transportation aid, available support services, the need to arrange an appropriate schedule, consequences of failing or not completing a course in which the pupil enrolls, the effect of enrolling in this program on the pupil's ability to complete the required high school graduation requirements, and the academic and social responsibilities that must be assumed by the pupils and their parents or guardian. The person providing counseling shall encourage pupils and their parents or guardian to also use available counseling services at the post-secondary institutions before the quarter or semester of enrollment to ensure that anticipated plans are appropriate.*

Prior to enrolling in a course, the pupil and the pupil's parents or guardian must sign a form that must be provided by the district and may be obtained from a post-secondary institution stating that they have received the information specified in this subdivision and that they understand the responsibilities that must be assumed in enrolling in this program. The department of education shall, upon request, provide technical assistance to a district in developing appropriate forms and counseling guidelines.

Sec. 4. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

Subd. 4b. [DISSEMINATION OF INFORMATION; NOTIFICATION OF INTENT TO ENROLL.] By March 1 of each year, a school district shall provide general information about the program to all pupils in grades 10 and 11. To assist the district in planning, a pupil shall inform the district by March 30 of each year of the pupil's intent to enroll in post-secondary courses during the following school year. A pupil is not bound by notifying or not notifying the district by March 30.

Sec. 5. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

Subd. 4c. [LIMIT ON PARTICIPATION.] A pupil who first enrolls in grade 11 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in post-secondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 11 or 12 first enrolls in a post-secondary course for secondary credit during the school year, the time of participation shall be reduced proportionately.

Sec. 6. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

Subd. 4d. [ENROLLMENT PRIORITY.] A post-secondary institution shall give priority to its post-secondary students when enrolling 11th and 12th grade pupils in courses for secondary credit. Once a pupil has been enrolled in a post-secondary course under this section, the pupil shall not be displaced by another student.

Sec. 7. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit.

A school district shall grant academic credit to a pupil enrolled in a course (OR PROGRAM UNDER THIS SECTION) for secondary credit if the pupil successfully completes the course (OR PROGRAM ATTENDED). A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course (OR PROGRAM) is offered by the district, the state board of education shall determine the number of credits that

shall be granted to a pupil who successfully completes (AND PASSES THE) a course (OR PROGRAM). If a comparable course (OR PROGRAM) is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course (OR PROGRAM), the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The *secondary* credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course (OR PROGRAM) and *secondary* credits granted shall be included in the pupil's secondary school record. *Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.*

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 8. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL ARRANGEMENTS.] At the end of each school year, the department of education shall pay the tuition reimbursement amount within 30 days to the post-secondary institutions (THAT ENROLL PUPILS UNDER THIS SECTION) for courses that were taken for secondary credit. The amount of tuition reimbursement shall equal the lesser of:

(1) the actual costs of tuition, textbooks, materials, and fees directly related to the course or program (CHARGED FOR) taken by the secondary pupil (ENROLLING IN A COURSE OR PROGRAM UNDER THIS SECTION); or

(2) an amount equal to the difference between the formula allowance plus the total tier revenue attributable to that pupil and an amount computed by multiplying the formula allowance plus the total tier revenue attributable to that pupil by a ratio. The ratio to be used is the total number of hours that the pupil is enrolled in courses in the secondary school during the regular school year over the total number of secondary instructional hours per pupil in that pupil's resident district.

The amount paid for each pupil shall be subtracted from the foundation aid paid to the pupil's resident district. If the amount to be subtracted is greater than the amount of foundation aid due the district, the excess reduction shall be made from other state aids due to the district. *If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in the average daily membership only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at a post-secondary institution for secondary credit.*

The department shall not pay any tuition reimbursement or other costs of a course taken for post-secondary credit only.

Sec. 9. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

Subd. 6a. [GRANTS AND FINANCIAL AID PROHIBITED.] A pupil enrolled in a post-secondary course for secondary credit is not eligible for any state student financial aid under chapter 136A.

Sec. 10. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 8, is amended to read:

Subd. 8. [TRANSPORTATION.] A parent or guardian of a pupil (ATTENDING A POST-SECONDARY INSTITUTION UNDER THIS SECTION) enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled and the post-secondary institution that the pupil attends. The state board of education shall establish guidelines for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need. The state shall pay aid to the district according to the guidelines established under this subdivision. Chapter 14 does not apply to the guidelines.

Sec 11. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 10, is amended to read:

Subd. 10. [LIMIT; STATE OBLIGATION.] The provisions of subdivisions 6, 7, 8, and 9 shall not apply for any post-secondary courses (OR PROGRAMS) in which a pupil is enrolled in addition to being enrolled full time in that pupil's district or for any post-secondary course in which a pupil is enrolled for post-secondary credit.

Sec. 12. [135A.10] [CREDIT FOR ADVANCED PLACEMENT PROGRAM.]

Subdivision 1. [POLICY AND PROCEDURES TO AWARD CREDIT.] The board of regents of the University of Minnesota,

the state university board, and the state board for community colleges shall each develop a clear and uniform policy for its system for awarding post-secondary credit toward a degree for a student who earns an acceptable score on an advanced placement program examination. Each policy must include procedures to inform students and prospective students about credit award and procedures to assure implementation on each campus. The higher education coordinating board shall assist in developing the policy.

Subd. 2. [DATA ABOUT CREDIT AWARD.] Each year the University of Minnesota, state universities, and community colleges shall provide the higher education coordinating board information and data about credit awarded for advanced placement program examinations.

Sec. 13. Laws 1985, First Special Session chapter 12, article 5, section 7, is amended to read:

Sec. 7. [EVALUATION.]

The department of education, in consultation with the higher education coordinating board, the public post-secondary systems and the participating private colleges, shall collect and evaluate information about the implementation of the program established under section 1. By January 15, 1987, the commissioner of education shall submit a report to the education committees of the legislature on the implementation of this program. *The report to the legislature shall address at least the following issues:*

- (1) description of participating pupils and other enrollment data;*
- (2) results of surveys of pupils, parents, school districts, and post-secondary institutions;*
- (3) results of any appeals to the state board of education regarding credits for courses or programs taken under the program;*
- (4) assessment of counseling services provided to pupils and their parents or guardians;*
- (5) fiscal impact of the program;*
- (6) feasibility of including summer school courses or programs in this program;*
- (7) feasibility of implementing cooperative plans for offering post-secondary courses in the high schools;*
- (8) current school district and post-secondary policies relating to advanced placement and other accelerated testing programs;*

(9) *recommendations on the feasibility of implementing and funding a statewide advanced placement program which would accomplish, to the extent possible, the goals of: (i) making advanced placement courses available in every school district; (ii) providing for a partial or total subsidy of advanced placement costs; and (iii) requiring post-secondary institutions to grant post-secondary credit for successful completion of advanced placement programs;*

(10) *comparability of courses offered in the high schools and post-secondary institutions;*

(11) *advisability of establishing specific admission standards for high school pupils enrolling in post-secondary courses or programs;*

(12) *feasibility of expanding course offerings through alternative means when access to post-secondary institutions is geographically impossible;*

(13) *feasibility of increasing the maximum age of compulsory attendance at school;*

(14) *feasibility of participation of nonpublic school pupils in this program; and*

(15) *other significant implementation issues or problems.*

Sec. 14. [NOTICE FOR THE 1986-1987 SCHOOL YEAR.]

To assist a school district in planning for the 1986-1987 school year, the district may obtain information from pupils about their intention to enroll in post-secondary courses or programs during the 1986-1987 school year under Minnesota Statutes, section 123.3514, 30 days after the district provides general information and to the extent possible, counseling services, on the program to pupils in grades 10 and 11 and their parents.

Sec. 15. [ADVANCED PLACEMENT REPORT TO LEGISLATURE.]

By January 1, 1987, the policy required under section 12 must be developed and submitted by each system to the higher education coordinating board for its review and comment on the policies. Each system shall report its policy and the higher education coordinating board shall report its review and comment to the education committees of the legislature by February 1, 1987.

Sec. 16. [EFFECTIVE DATE.]

Sections 1, 5, and 14 are effective the day following final enactment. Sections 2, 3, 4, 6, 7, 8, 9, 10, and 11 are effective for the 1986-1987 school year and thereafter."

Delete the title and insert:

"A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options act; requiring the University of Minnesota, state university board, and state board for community colleges to develop policies for awarding post-secondary credit for advanced placement programs; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, 10, and by adding subdivisions; Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 135A."

We request adoption of this report and repassage of the bill.

House Conferees: CONNIE LEVI, WENDELL O. ERICKSON and M. R. (BOB) HAUKOOS.

Senate Conferees: TOM A. NELSON, GEN OLSON and DONNA C. PETERSON.

Levi moved that the report of the Conference Committee on H. F. No. 1919 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1919, A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.
Anderson, R.
Backlund

Beard
Becklin
Begich

Bennett
Bishop
Blatz

Boerboom
Boo
Brandl

Burger
Carlson, D.
Carlson, J.

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

Those who voted in the negative were:

Battaglia	Elioff	Redalen	Rees	Welle
Dempsey				

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2010

A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2010, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2010 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 129.121, subdivision 1, is amended to read:

Subdivision 1. The governing board of any *Minnesota* high school may delegate the control, supervision and regulation of interscholastic athletics and other extracurricular activities, referred to in section 123.38, to the Minnesota state high school league, a nonprofit incorporated voluntary association. Membership in (SAID MINNESOTA STATE HIGH SCHOOL) *the* league shall be composed of (SUCH MINNESOTA) high schools whose governing boards have certified in writing to the (STATE) commissioner of education that they have elected to delegate the control, supervision and regulation of their interscholastic athletic events and other extracurricular activities to (SAID) *the* league. The (MINNESOTA STATE HIGH SCHOOL) league (IS HEREBY EMPOWERED TO EXERCISE THE), *within the limits established in this section, may* control, (SUPERVISION) *supervise, and (REGULATION OF) regulate* interscholastic athletics, musical, dramatic and other contests by and between pupils of (THE MINNESOTA) *member* high schools (, DELEGATED TO IT PURSUANT TO THIS SECTION). The (MINNESOTA HIGH SCHOOL) league may (ESTABLISH A POLICY OR GUIDELINES FOR THE GUIDANCE OF) *guide* member high schools in the voluntary formation or alteration of athletic or other extracurricular conferences. *The board of directors of the league shall include a licensed teacher, a representative appointed by the Minnesota association of secondary school principals, a public member appointed by the governor, and other members selected and appointed according to the procedures of the league.* The commissioner of education, or his representative, shall be an ex officio member of the governing body of (SUCH) *the* league, with the same rights and privileges as other members of its governing body. The rules (AND REGULATIONS) of (SAID) *the* league (SHALL BE) *are* exempt from the provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45 (, AND 14.57 TO 14.62).

Sec. 2. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

Subd. 1a. [RECRUITING; PENALTY.] If a student is contacted orally or in writing by a representative of any high school in a manner that constitutes recruiting for athletic purposes, the school shall be barred from athletic tournament competition in the sport or activity about which the student was contacted for the ensuing tournament and may be publicly censured or suspended from the league.

Sec. 3. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

Subd. 1b. [STUDENT TRANSFER.] A student shall remain eligible to participate in interscholastic athletics and other activities regulated by the league after transferring from one school to another if there is a corresponding change in address. In all other cases a student who transfers from one school to another shall become eligible to participate in interscholastic athletics and other activities regulated by the league within 90 school days after the student begins attending the new school.

Sec. 4. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

Subd. 1c. [NONSCHOLASTIC AND OUT-OF-SEASON ACTIVITIES.] The high school league may not regulate, directly or indirectly, pupil participation in a nonscholastic athletic activity or event during the period the pupil is not participating in interscholastic athletics. A pupil may participate in any nonscholastic athletic activity or event out-of-season without loss of eligibility to participate in interscholastic athletics.

A pupil may receive private individualized athletic instruction or training during the school year and during the sports season from an individual who is not a member of the high school coaching staff without loss of eligibility to participate in interscholastic athletics.

A school, or an employee, coach, or agent of a school may not require a pupil to participate in any athletic activity or event outside of or separate from those sponsored by the school as a condition of participation in the school's interscholastic athletic activity.

Sec. 5. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

Subd. 1d. [ADMINISTRATIVE HEARINGS.] Any party aggrieved by a league action or decision affecting an individual's or school's participation in interscholastic athletics or other activities may appeal the action or decision by requesting a hearing within seven days after the action is taken or decision is issued. The request must be in writing and filed with the league. Within three working days after receiving a request for a hearing, the league shall refer the matter to the office of administrative hearings where the hearing shall be conducted as a contested case according to the provisions of chapter 14. The hearing shall commence within seven days after the office has received the request and shall be conducted according to the conference contested case rules adopted by the chief administrative law judge. The administrative law judge shall issue a final written decision within seven days following the close of the hearing. Any party aggrieved by that decision may seek judicial review according to sections 14.62 to 14.69.

The fee for the administrative law judge's services shall be paid by the league.

Sec. 6. [REPORT TO LEGISLATURE; RULES.]

The Minnesota state high school league shall amend its rules, according to its procedures, to implement sections 1 to 5. The league shall report its rule amendments to the education committees of the legislature and the general legislation committee of the house by January 1, 1987. The league may also recommend necessary amendments to Minnesota Statutes, section 129.121, as part of the report.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 5 are effective August 1, 1987."

Delete the title and insert:

"A bill for an act relating to the state high school league; limiting and clarifying its authority; modifying its board; regulating student recruiting and transfer; providing for the treatment of nonscholastic and out-of-season activities; providing for administrative hearings, rules, and reports; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions."

We request adoption of this report and repassage of the bill.

House Conferees: CRAIG H. SHAVER and DAVID FJOSLIEN.

Senate Conferees: GENE MERRIAM, DONNA C. PETERSON and JIM RAMSTAD.

Shaver moved that the report of the Conference Committee on H. F. No. 2010 be adopted and that the bill be repassed as amended by the Conference Committee. The motion did not prevail.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1863:

Seaberg, Kelly and Marsh.

MESSAGES FROM THE SENATE, Continued

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. 229, A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

The Senate has appointed as such Committee Messrs. Moe, D. M.; Spear and Renneke.

Said House File is herewith returned to the House.

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. 1035, A bill for an act relating to frauds; fixing conditions for the legal determination of fraud in property transfers; enacting the uniform fraudulent transfer act; proposing coding for new law in Minnesota Statutes, chapter 513; repealing Minnesota Statutes 1984, sections 513.20; 513.21; 513.22; 513.23; 513.24; 513.25; 513.26; 513.27; 513.28; 513.29; 513.30; 513.31; and 513.32.

The Senate has appointed as such Committee Messrs. Merriam, Sieloff, Lessard, Jude and Chmielewski.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2280, A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2280

A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

March 17, 1986

The Honorable Jerome M. Hughes
President of the Senate

The Honorable David M. Jennings
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2280, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 2280 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.26; 298.23 to 298.28, *except an amount distributed under section 298.28, subdivision 1, paragraph (3)(b)(ii)*; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 477A.15; and any

law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under (SECTION 124A.03, SUBDIVISION 1) *sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a*, to the total levy allowed the district under this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, (AND) 124A.14, subdivision 5a, *and 124A.20, subdivision 2*, in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.03, subdivision 1, to an amount less than the amount raised by a levy of 12.5 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2 shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, and the community service levy authorized by subdivision 8, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision 11a and for community services pursuant to subdivision 8. The reduction of the capital expenditure levy and the community services levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections

294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67 *except an amount distributed under section 298.28, subdivision 1, paragraph (3)(b)(ii); or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the (COMMISSIONER OF FINANCE) St. Louis county auditor in the following amount by March 15 of each year except 1986, the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124A.035, subdivision 5, which is in excess of the foundation aid earned for that fiscal year. The (COMMISSIONER OF FINANCE) county auditor shall deposit any amounts received pursuant to this clause in the (TACONITE PROPERTY TAX RELIEF FUND IN THE STATE TREASURY, ESTABLISHED PURSUANT TO SECTION 16A.70) St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.*

Sec. 2. Minnesota Statutes 1984, section 275.50, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, home rule charter city, or statutory city, except a home rule charter or statutory city that has a population of less than 5,000 according to the most recent federal census.

(b) "Governmental subdivision" also includes any city or town that receives a distribution from the taconite municipal aid account in the levy year.

Sec. 3. Minnesota Statutes 1984, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1983 shall be calculated by adding the following amounts:

(1) the property tax permitted to be levied in 1982 for taxes payable in 1983 pursuant to Minnesota Statutes 1982, section 275.51, subdivision 3e; plus

(2) the amount of any payments the governmental subdivision was certified to receive in 1983 pursuant to Minnesota Statutes 1982, sections 477A.011 to 477A.03; plus

(3) the amount of any payments certified to the governmental subdivision in 1983 pursuant to Minnesota Statutes 1982, sections 298.28 and 298.282; plus

(4) the difference between the amount certified to the governmental subdivision in 1983 and the amount certified in 1984 pursuant to section 273.138; plus

(5) any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1983; and

(6) the amount of any base adjustment authorized by the commissioner of revenue pursuant to subdivision 3g.

(b) For taxes levied in 1984 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year provided that, for taxes levied in 1984, the levy limit base of a county containing a city of the first class shall be increased by the amount paid to the county under section 273.138 in 1984 less the amount that will be paid to it under section 273.138 in 1985.

(c) *The property tax levy limit base for cities and towns defined as a governmental subdivision only under section 275.50, subdivision 2, paragraph (b), for taxes levied in 1986 shall be calculated by adding the following amounts:*

(1) *the property tax levied in 1985 for taxes payable in 1986, exclusive of any levies for debt service; plus*

(2) *the amount of any payments the governmental subdivision was certified to receive in 1986 pursuant to Minnesota Statutes 1985 Supplement, sections 477A.011 to 477A.03; plus*

(3) *the amount of any payments certified to the governmental subdivision in 1986 pursuant to Minnesota Statutes 1984, section 298.282, and Minnesota Statutes 1985 Supplement, section 298.28; plus*

(4) *any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1986.*

For taxes levied in 1987 and subsequent years, the levy limit base of a governmental subdivision defined only in section 275.50, subdivision 2, paragraph (b), is equal to its adjusted levy limit base for the preceding year.

Sec. 4. Minnesota Statutes 1984, section 275.51, subdivision 3i, is amended to read:

Subd. 3i. [LEVY LIMITATION.] The levy limitation for a governmental subdivision shall be equal to the adjusted levy limit base determined pursuant to subdivision 3h, reduced by (a) the total amount of local government aid that the governmental

subdivision has been certified to receive pursuant to sections 477A.011 to 477A.014; (b) taconite aids pursuant to sections 298.28 and 298.282 including any aid received in the levy year which was required to be placed in a special fund for expenditure in the next succeeding year; (c) state reimbursements for wetlands and native prairie property tax exemptions pursuant to sections 273.115, subdivision 3 and 273.116, subdivision 3; and (d) payments in lieu of taxes to a county pursuant to section 477A.12 which are required to be used to provide property tax levy reduction certified to be paid in the calendar year in which property taxes are payable. If the sum of the taconite aids deducted exceeds the adjusted levy limit base, the excess must be used to reduce the amounts levied as special levies pursuant to section 275.50, subdivisions 5 and 7. The commissioner of revenue shall notify a governmental subdivision of any excess taconite aids to be used to reduce special levies.

As provided in section 298.28, subdivision 1, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4)(c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

For taxes levied in 1987 and subsequent years, the levy limit for a county as calculated under paragraph (b) shall be decreased by an additional amount equal to the reduction in the distribution to the county under Minnesota Statutes, section 298.28, from the 1986 distribution to the 1987 distribution.

Sec. 5. Minnesota Statutes 1985 Supplement, section 294.22, is amended to read:

294.22 [GROSS EARNINGS TAX; COMPUTATION.]

Every company owning or operating any taconite railroad shall pay annually into the state treasury a sum of money equal to (FIVE) 5.75 percent of the gross earnings derived from the operation of such taconite railway within the state. The gross earnings of such a taconite railroad company from the transportation of taconite concentrates from the Mesabi Range to ports on Lake Superior, for all purposes hereof, shall be a sum of money equal to the amount which would be charged under established tariffs of common carriers for the transportation of an equal tonnage of iron ore or taconite concentrates, whichever is shipped from Mesabi Range points to ports at the head of Lake Superior, including the established charges for loading such ore on boats. For all purposes of chapter 298 the rate of the gross earnings as so calculated shall be treated as the cost of transportation of such concentrates or iron ore between such points. If such a taconite railroad company transports coal or any other commodity, except taconite concentrates, its gross earn-

ings shall include an amount equal to the established tariffs of common carriers for the transportation of the same quantities of similar commodities for corresponding distances, not, however, including any such charges for any such commodities used or intended to be used in the construction, operation or maintenance of such railroad.

Sec. 6. Minnesota Statutes 1984, section 294.23, is amended to read:

294.23 [COMPANIES LIABLE FOR TAX.]

If a company producing concentrates from taconite shall transport the taconite in the course of the concentrating process and before such concentrating process is completed to a concentrating plant located within the state over a railroad which is not a common carrier and shall not use a common carrier or taconite railroad company as defined in section 294.21 for the movement of the concentrate to a point of consumption or port for shipment beyond the state, then such company nevertheless shall pay annually into the state treasury a tax equal to (FIVE) 3.75 percent of the amount which would be charged for the transportation of such concentrates produced by such taconite company as if such concentrates were transported by a common carrier under established tariffs of common carriers from the Mesabi Range or other iron range point nearest to the mine at which such taconite is quarried to ports at the head of Lake Superior, including established charges for loading such ore on boats. For the purposes of sections 294.24 to 294.28, such a company shall be considered a taconite railroad company.

Sec. 7. Minnesota Statutes 1985 Supplement, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of sections 297A.02, subdivision 2, and 297A.257 the tax on sales of capital equipment, *and construction materials and supplies under section 297A.257*, shall be imposed and collected as if the rate under section 297A.02, subdivision 1, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the rates under section 297A.02, subdivision 2, or the exemption under section 297A.257 shall be paid to the purchaser. *In the case of building materials qualifying under section 297A.257 where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.02, subdivision 2, or capital equipment or construction materials and sup-*

plies under section 297A.257. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of section 297A.34 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

Sec. 8. Minnesota Statutes 1985 Supplement, section 297A.257, is amended by adding a subdivision to read:

Subd. 2a. [EXEMPTION FOR CONSTRUCTION MATERIALS.]

Construction materials and supplies are exempt from the tax imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if all of the following conditions are met:

(1) the materials and supplies are used or consumed in constructing a new manufacturing facility or expanding an existing one in a distressed county;

(2) the total capital investment made within a three-year period exceeds \$75,000,000.

A county is a distressed county for purposes of a project qualifying under this subdivision if it was designated as a distressed county at the time the initial contract to purchase the materials and supplies was executed.

Sec. 9. Minnesota Statutes 1985 Supplement, section 298.03, is amended to read:

298.03 [VALUE OF ORE; HOW ASCERTAINED.]

Subdivision 1. [GENERAL RULES.] The valuation of iron or other ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.01 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of revenue:

(1) the reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body, including hoisting, elevating, or conveying the same to the surface of the earth;

(2) if the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of

tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of revenue;

(3) if the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing shafts and running drifts, divided by the number of tons of ore that can be advantageously taken out through such shafts and drifts, the number of tons of ore that can be advantageously taken out in each case to be determined by the commissioner of revenue;

(4) the amount of royalties paid on the ore mined or produced during the year;

(5) for persons mining or producing iron ore the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, the amount of the ad valorem taxes levied and paid for the year against the realty in which the ore is deposited; for all others a percentage of the ad valorem taxes levied and paid for such year against the realty in which the ore is deposited equal to the percentage that the tons mined or produced during such year bears to the total tonnage in the mine;

(6) in the case of taconite, semitaconite and iron sulphide operations, the tax payable under section 298.24, (BUT NOT EXCEEDING 25 CENTS PER TAXABLE TON,) and that payable under section 298.35, on the concentrates produced in said year and any taxes paid under Laws 1955, chapter 391, 429, 514, 576 or 540, or any other law imposing on such taconite operations a specific tax for school or other governmental purposes;

(7) the amount or amounts of all the foregoing subtractions shall be ascertained and determined by the commissioner of revenue. Deductions for interest on plant investment shall not exceed the greater of (a) four percent of book value, or (b) the amount actually paid but not exceeding six percent of book value. No subtraction shall be allowed for shrinkage of iron ore.

Subd. 2. [SPECIAL TRANSPORTATION COSTS.] With respect to transportation costs incurred after June 30, 1986, if the ore is not transported using the Great Lakes Seaway system, the commissioner must allow, as a deduction in computing the valuation of the ore, the reasonable cost of transportation of the ore to its destination. This subdivision does not affect the valuation of ore shipped using the Great Lakes Seaway system.

Sec. 10. Minnesota Statutes 1985 Supplement, section 298.225, subdivision 1, is amended to read:

298.225 [APPROPRIATION.]

Subdivision 1. For distribution of taconite production tax in (1985) 1987 and thereafter with respect to production in (1984) 1986 and thereafter, the (RECIPIENTS) *distribution* of the taconite production tax as provided in section 298.28, subdivision 1, clauses (1) to (4) and (5)(b), (5)(c), (6), and (7)(a), shall (RECEIVE DISTRIBUTIONS) equal (TO) *the lesser of the following amounts:*

(1) the amount distributed (TO THEM) pursuant to this section and section 298.28, subdivision 1, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced proportionately at the rate of two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons; *or*

(2)(i) *for the distributions made pursuant to section 298.28, subdivision 1, clauses (3)(a), (3)(b), and (5)(c), 50 percent of the amount distributed pursuant to this section and section 298.28, subdivision 1, with respect to 1983 production.*

(ii) *for the distributions made pursuant to section 298.28, subdivision 1, clauses (4)(a) and (4)(b), 75 percent of the amount distributed pursuant to this section and section 298.28, subdivision 1, with respect to 1983 production.*

Sec. 11. Minnesota Statutes 1984, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) *For concentrate produced in 1986 there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of (\$1.25 CENTS) \$1.90 per gross ton of merchantable iron ore concentrate produced therefrom. (THE TAX ON CONCENTRATES PRODUCED IN 1978 AND SUBSEQUENT YEARS PRIOR TO 1985 SHALL BE EQUAL TO \$1.25 MULTIPLIED BY THE STEEL MILL PRODUCTS INDEX DURING THE PRODUCTION YEAR, DIVIDED BY THE STEEL MILL PRODUCTS INDEX IN 1977. THE INDEX STATED IN CODE NUMBER 1013, OR ANY SUBSEQUENT EQUIVALENT, AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS WHOLESALE PRICES AND PRICE INDEXES FOR THE MONTH OF JANUARY OF THE YEAR IN WHICH THE CONCENTRATE IS PRODUCED SHALL BE THE INDEX USED IN CALCULATING THE TAX IMPOSED HEREIN. IN NO EVENT SHALL THE TAX BE LESS THAN \$1.25 PER GROSS TON OF MERCHANTABLE IRON ORE CONCENTRATE. THE TAX ON CONCENTRATES PRODUCED IN 1985 AND 1986 SHALL BE AT THE RATE DETERMINED FOR 1984 PRODUCTION.)*

(b) *Except as provided in paragraph (c), for concentrates produced in 1987 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States department of commerce.*

((B) ON CONCENTRATES PRODUCED IN 1984, AN ADDITIONAL TAX IS IMPOSED EQUAL TO EIGHT-TENTHS OF ONE PERCENT OF THE TOTAL TAX IMPOSED BY CLAUSE (A) PER GROSS TON FOR EACH ONE PERCENT THAT THE IRON CONTENT OF SUCH PRODUCT EXCEEDS 62 PERCENT, WHEN DRIED AT 212 DEGREES FAHRENHEIT.)

((C) THE TAX IMPOSED BY THIS SUBDIVISION ON CONCENTRATES PRODUCED IN 1984 SHALL BE COMPUTED ON THE PRODUCTION FOR THE CURRENT YEAR. THE TAX ON CONCENTRATES PRODUCED IN 1985 SHALL BE COMPUTED ON THE AVERAGE OF THE PRODUCTION FOR THE CURRENT YEAR AND THE PREVIOUS YEAR.)

(c) *The provisions of paragraph (b) will not be in effect for concentrates produced in 1987 if the 1987 production is not less than 33,000,000 tons, and will not be in effect for concentrates produced in 1988 if the 1988 production is not less than 34,000,000 tons. If the provisions of paragraph (b) are not in effect for concentrates produced in a year, the rate of the tax for that year's production will be the rate of the tax imposed on the previous year's production. The tax (ON CONCENTRATES PRODUCED IN 1986 AND THEREAFTER) shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.*

(d) *If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of (\$1.25) \$1.90 per gross ton of merchantable iron ore concentrate produced shall be imposed.*

Sec. 12. Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, is amended to read:

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

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

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

(b) An amount annually certified by the county auditor of a county containing a taconite tax relief area within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore. The amount will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of (THE TOWNSHIP'S) January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1). The county auditor shall extend the township's or city's levy against the sum of the township's or city's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value in the case of a township and between 50 percent of its January 2, 1980, assessed value and its current assessed value in the case of a city. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this clause shall not apply.

(3) (29) 27.5 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, as follows:

(a) (SIX) 5.5 cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The

distribution must be based on the apportionment formula prescribed in clause (1).

(b) (23) (i) 22 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 (IN DIRECT PROPORTION TO SCHOOL DISTRICT TAX LEVIES AS FOLLOWS: EACH DISTRICT SHALL RECEIVE THAT PORTION OF THE TOTAL DISTRIBUTION WHICH ITS CERTIFIED LEVY FOR THE PRIOR YEAR, COMPUTED PURSUANT TO SECTIONS 124A.03, 124A.06, SUBDIVISION 3A, 124A.08, SUBDIVISION 3A, 124A.10, SUBDIVISION 3A, 124A.12, SUBDIVISION 3A, 124A.14, SUBDIVISION 5A, 124A.20, SUBDIVISION 2, AND 275.125, COMPRISES OF THE SUM OF CERTIFIED LEVIES FOR THE PRIOR YEAR FOR ALL QUALIFYING DISTRICTS, COMPUTED PURSUANT TO SECTIONS 124A.03, 124A.06, SUBDIVISION 3A, 124A.08, SUBDIVISION 3A, 124A.10, SUBDIVISION 3A, 124A.12, SUBDIVISION 3A, 124A.14, SUBDIVISION 5A, 124A.20, SUBDIVISION 2, AND 275.125. FOR PURPOSES OF DISTRIBUTIONS PURSUANT TO THIS PART, CERTIFIED LEVIES FOR THE PRIOR YEAR COMPUTED PURSUANT TO SECTIONS 124A.03, 124A.06, SUBDIVISION 3A, 124A.08, SUBDIVISION 3A, 124A.10, SUBDIVISION 3A, 124A.12, SUBDIVISION 3A, 124A.14, SUBDIVISION 5A, AND 275.125 SHALL NOT INCLUDE THE AMOUNT OF ANY INCREASED LEVY AUTHORIZED BY REFERENDUM PURSUANT TO SECTION 124A.03, SUBDIVISION 2) *in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted assessed value per pupil unit as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted assessed value per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.*

(ii) *Notwithstanding clause (i), each school district shall receive a distribution under this paragraph (b) that is no less than the amount of its levy reduction under section 275.125, subdivision 9, for the second year prior to the year of the distribution; the amount necessary to make this minimum payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).*

(c) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy in-

crease pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

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

(ii) the lesser of:

(A) one, or

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

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

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

(4) (19.5) 16.5 cents per taxable ton to counties to be distributed, based upon certification by the commissioner of revenue, as follows:

(a) (15.5) 13 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The apportionment formula prescribed in clause (1) is the basis for the distribution.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating

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

(c) (FOUR) 3.5 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) (17.75) 22 cents per taxable ton, less any amount required to be distributed under (PART) parts (b) and (c), to St. Louis county acting as the counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, (.75) .1875 cent per taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county (AND SCHOOL DISTRICT IN WHICH THE POWER PLANT IS LOCATED AS FOLLOWS: 25 PERCENT TO THE COUNTY AND 75 PERCENT TO THE SCHOOL DISTRICT).

(c) *If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a school district other than a school district in which the mining and concentrating processes are conducted, .5625 cent per taxable ton of the tax imposed and collected from the taxpayer shall be paid to the school district.*

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

(7) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of pro-

viding an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

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

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

The amounts determined under clauses (4)(a), (4)(c), (5)(b), and (5)(c) for distribution in 1987 and subsequent years shall be the amount determined for distribution in 1986 under Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, clauses (4)(a), (4)(c), and (5)(b).

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

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

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

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

Sec. 13. Minnesota Statutes 1984, section 298.282, subdivision 2, is amended to read:

Subd. 2. (a) Each year following the final determination of the amount of taxes payable under section 298.24, the commissioner of revenue shall determine the amount in the taconite municipal aid account as of July 1 of such year and the amount to be distributed to each qualifying municipality during such year. The amount to be distributed to each qualifying municipality shall be determined by (DIVIDING THE TOTAL AMOUNT IN SAID ACCOUNT, AFTER A REDUCTION EQUAL TO THE AMOUNT OF THE DISTRIBUTION IN SUBDIVISION 5, AS OF JULY 1 BY THE TOTAL POPULATION ACCORDING TO THE LATEST FEDERAL CENSUS OF ALL QUALIFYING MUNICIPALITIES TO DETERMINE THE PER CAPITA

DISTRIBUTIVE SHARE FOR SUCH YEAR AND BY MULTIPLYING THE PER CAPITA DISTRIBUTIVE SHARE BY THE POPULATION OF SUCH MUNICIPALITY) *determining an index for each qualifying municipality by subtracting its local effort mill rate, multiplied by its equalized assessed value, from its fiscal need factor. For the purposes of this subdivision, the following terms have the meanings given them herein. A municipality's "local effort mill rate" means its fiscal need factor per capita divided by \$17 per capita per mill for the first \$350 of its fiscal need factor per capita; plus its fiscal need factor per capita divided by \$15 per capita per mill on that part of its fiscal need factor per capita, if any, in excess of \$350. In no case shall a municipality's local effort mill rate be less than eight mills. A municipality's "equalized assessed value" means its previous year taxable valuation, less the captured value in any tax increment district, divided by the municipality's aggregate sales ratio covering the period ending two years prior to the year of aid distribution. A municipality's "fiscal need factor" means the three-year average of the sum of its municipal levy, taconite aids received under sections 298.28, subdivision 1, clauses (1) and (10)(a) and 298.282 and its local government aid distribution amount, for taxes payable and distribution amounts receivable in the three years immediately preceding the aid distribution year.*

The ratio of the resulting index for each qualifying municipality to the sum of all qualifying municipalities' indexes shall be multiplied by the total amount in the taconite municipal aid account less the amount distributed pursuant to subdivision 5. For the distribution made in 1987, one-third of the distribution shall be distributed pursuant to this subdivision and two-thirds pursuant to Minnesota Statutes 1984, section 298.282, subdivision 2. For the distribution made in 1988, two-thirds shall be distributed pursuant to this subdivision and one-third pursuant to Minnesota Statutes 1984, section 298.282, subdivision 2.

(b) If the distribution under this section, sections 273.138, 298.26 and 298.28, and chapter 477A, to any municipality would exceed that municipality's levy limit base for that year, computed pursuant to sections 275.50 to 275.59, the amount in excess of the levy limit base for that year shall reduce the amount distributed to the municipality under this section and this excess amount shall be distributed to the other qualifying municipalities (ON A PER CAPITA BASIS) in the same manner as the distribution made pursuant to subdivision 2, except that the qualifying municipality receiving an initial distribution when added to that received pursuant to sections 273.138, 298.26, 298.28, and chapter 477A in excess of the qualifying municipality's levy limit base, shall not receive a distribution nor shall its index be used in computing the distribution pursuant to this clause. The distributions to be received in the year in which the taxes are payable shall be compared to the levy limit base for that same year. Upon completion of such determination, the commissioner of revenue shall

certify to the chief clerical officer of each qualifying municipality the amount which will be distributed to such municipality from the taconite municipal aid account that year.

Sec. 14. [APPROPRIATION.]

\$20,000,000 is appropriated to the commissioner of natural resources. Notwithstanding Minnesota Statutes, section 298.293 or 298.294 or any other law, this appropriation is from the corpus of the northeast Minnesota economic protection fund. This money is available only as a loan guarantee for the smelting project using the COREX process and is contingent upon receipt by the commissioner of natural resources of sufficient funding from other sources to complete the project. If the project is approved by the United States department of energy prior to December 31, 1987, this appropriation does not cancel but is available until June 30, 1992, or the project is completed or abandoned, whichever occurs earlier. On July 1, 1992, \$20,000,000 is appropriated from the general fund, to be taken from the proceeds of the taconite occupation tax imposed under Minnesota Statutes, section 298.01, to the commissioner of natural resources to be used only to continue the loan guarantee or to be drawn down to cover a default according to this subdivision. If the general fund appropriation is used to cover a default in the loan, there shall be repaid from the northeast Minnesota economic protection trust fund to the general fund the amount of the default. Payments shall be made in ten equal annual installments, with the first payment made one year from the date of the default. No interest shall be paid on these payments. An amount sufficient to make the repayments is appropriated from the northeast Minnesota economic protection trust fund. The money appropriated from the northeast Minnesota economic protection trust fund shall be spent only in or for the benefit of tax relief areas as defined in Minnesota Statutes, section 273.134.

Sec. 15. [EFFECTIVE DATE.]

Sections 1, 10, 12, and 13 are effective for distributions in 1987 and subsequent years, except that the changes in paragraph 3 of section 298.28, subdivision 1, are effective for distributors in 1988 and subsequent years. Sections 2, 3, and 4 are effective for taxes levied in 1986, payable in 1987, and thereafter. Sections 5 and 6 are effective for gross earnings derived after December 31, 1986. Sections 7 and 8 are effective for purchases and use made after May 1, 1986, provided that the first refunds for construction materials and supplies due as a result of the exemption under section 8 may not be paid by the commissioner before July 15, 1987. Except as otherwise provided, section 9 is effective for ores mined or produced after December 31, 1986."

Delete the title and insert:

"A bill for an act relating to taxation; exempting certain construction materials from the sales tax; imposing levy limits on

certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; providing for the deduction of taconite production taxes and transportation costs; providing for a loan guarantee; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivisions 3f and 3i; 294.23; 298.225, by adding a subdivision; 298.24, subdivision 1; and 298.282, subdivision 2; Minnesota Statutes 1985 Supplement, sections 294.22; 297A.15, subdivision 5; 297A.257, by adding a subdivision; 298.03; 298.225, subdivision 1; and 298.28, subdivision 1."

We request adoption of this report and repassage of the bill.

Senate Conferees: DOUGLAS J. JOHNSON, RONALD R. DICKLICH and MEL FREDERICK.

House Conferees: BERT J. MCKASY, WILLIAM H. SCHREIBER and JOSEPH R. BEGICH.

McKasy moved that the report of the Conference Committee on S. F. No. 2280 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2280, A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; appropriating money; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Blatz	Brandl
Anderson, R.	Beard	Bennett	Boerboom	Brinkman
Backlund	Becklin	Bishop	Boo	Brown

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

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2012, A bill for an act relating to crimes; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to believe it was derived from prostitution; imposing criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; providing for a penalty assessment; authorizing counties to develop a program of outreach services for juvenile prostitutes; providing additional protections for victims of crime; authorizing parents and guardians to seek an order for protection to obtain return of a minor child who is being used or induced to practice prostitution; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.322; 609.323; 609.324, by adding a subdivision; 611A.03, subdivision 1; 626.558, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 631.046; proposing coding for new law in Minnesota Statutes, chapters 609 and 611A.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Marsh moved that the House concur in the Senate amendments to H. F. No. 2012 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2012, A bill for an act relating to crimes; imposing a duty on the juvenile court to insure family reunification; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to know it was derived from prostitution; imposing criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; providing for a penalty assessment; authorizing counties to develop a program of intervention services for juvenile prostitutes; amending Minnesota Statutes 1984, sections 609.322; 609.323; 609.324, subdivision 1, and by adding a subdivision; and 626.558, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 260 and 609.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 131 yeas and 0 nays as follows:

Those voting in the affirmative were:

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

Valan
Valento
Vanasek

Vellenga
Voss

Waltman
Welle

Wenzel
Wynia

Zaffke
Spk. Jennings, D.

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1835, A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; requiring crime victims to be notified of offender's release from custody; imposing a penalty; amending Minnesota Statutes 1984, section 611A.06; proposing coding for new law in Minnesota Statutes, chapter 609.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bishop moved that the House concur in the Senate amendments to H. F. No. 1835 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1835, A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; clarifying certain language relating to deprivation of parental rights; requiring certain notifications; imposing a penalty; amending Minnesota Statutes 1984, sections 609.26, subdivision 5; and 611A.06; Minnesota Statutes 1985 Supplement, section 609.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1958, A bill for an act relating to crime victims; providing increased protections and rights to victims of crime; providing new procedures for enforcing restitution orders; establishing local victim-witness assistance programs; making a variety of changes to the crime victims reparations act; increasing the membership of the crime victim and witness advisory council; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.135, by adding a subdivision; 611A.03, subdivision 1; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; 611A.57, by adding a subdivision; and 611A.61; and Minnesota Statutes 1985 Supplement, sections 609.101; 611A.52; 611A.53, subdivision 2; 611A.54; 611A.56, subdivision 1; 611A.71, subdivisions 1 and 2; and 631.046; proposing coding for new law in Minnesota Statutes, chapter 611A.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Kelly moved that the House concur in the Senate amendments to H. F. No. 1958 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1958, A bill for an act relating to crimes; regulating entry to burial sites; providing protections and rights to victims of crime; making changes to the crime victims reparations act; providing for the treatment of certain witnesses; amending Minnesota Statutes 1984, sections 307.08; 609.135, by adding a subdivision; 609.26, subdivision 5; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; 611A.57, by adding a subdivision; 611A.61; Minnesota Statutes 1985 Supplement, sections 609.101; 609.26, subdivision 1; 611A.-52; 611A.53, subdivision 2; 611A.54; and 611A.56, subdivision 1; 611A.71, subdivision 2; 631.046; proposing coding for new law in Minnesota Statutes, chapter 611A.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1873, A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; restricting liability for out-of-state injuries; defining spendable weekly earnings; changing basis for calculating certain benefits; providing disability rating for certain losses; regulating the payment and right to benefits; eliminating minimum compensation in certain cases; compensation court of appeals; postponing initial adjustment of certain benefits; regulating attorneys' fees; relating to jurisdiction of issues of medical causation; providing for the administration of claims; providing for fees from state insurance fund; authorizing use of fees for administrative conferences; providing penalties; codifying regulations relating to permanent partial disability schedules and to independent contractors; eliminating supplementary benefits for new claims; amending Minnesota Statutes 1984, sections 176.011, subdivision 18, and by adding subdivisions; 176.012; 176.021, subdivision 1; 176.041, subdivisions 1, 2, 3, 4, and by adding a subdivision; 176.081, subdivisions 1 and 7; 176.101, subdivisions 1, 2, 3a, 3b, 3f, and 4, and by adding a subdivision; 176.103, subdivision 2; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.132, subdivision 1; 176.135, subdivisions 1 and 1a; 176.155, subdivisions 1 and 5; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.271; 176.275; 176.291; 176.305, subdivision 1, and by adding a subdivision; 176.306, subdivision 1, and by adding a subdivision; 176.312; 176.321, subdivisions 2 and 3; 176.331; 176.341, by adding subdivisions; 176.351, subdivision 2; 176.361, subdivisions 1 and 2; 176.371; 176.411, subdivision 2; 176.421, subdivision 6; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; 176.645, subdivision 2; 176.83, subdivisions 2 and 11; 268.08, subdivision 3; Minnesota Statutes 1985 Supplement, section 176.101, subdivisions 3e and 3t; and 176.138; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; proposing coding for new law as Minnesota Statutes, chapters 176B and 176C; repealing Minnesota Statutes 1984, sections 176.105, subdivisions 1, 2, and 3; 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Svigum moved that the House concur in the Senate amendments to H. F. No. 1873 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1873, A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; restricting liability for out-of-state injuries; regulating the payment and right to benefits; compensation court of appeals; regulating attorneys' fees; relating to jurisdiction of issues of medical causation; providing for the administration of claims; providing penalties; amending Minnesota Statutes 1984, sections 176.012; 176.041, subdivisions 1, 2, 3, and by adding a subdivision; 176.081, subdivision 1; 176.101, subdivision 3f; 176.103, subdivision 2; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.135, subdivisions 1 and 1a; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.361, subdivisions 1 and 2; 176.421, subdivision 6; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; 176.83, subdivision 2; Minnesota Statutes 1985 Supplement, sections 176.101, subdivision 3e; 176.138; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1984, sections 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 4.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

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

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

There were 106 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Kalis	Nelson, K.	Redalen
Anderson, R.	Dyke	Kiffmeyer	Neuenschwander	Rees
Bennett	Erickson	Knickerbocker	Ogren	Rest
Bishop	Fjoslien	Knuth	Olsen, S.	Richter
Blatz	Frederick	Kostohryz	Olson, E.	Riveness
Boerboom	Frederickson	Krueger	Omann	Rodosovich
Boo	Frerichs	Kvam	Onnen	Rose
Brandl	Gruenes	Levi	Otis	Schafer
Brinkman	Gutknecht	Lieder	Ozment	Schoenfeld
Brown	Halberg	Marsh	Pappas	Schreiber
Burger	Hartinger	McDonald	Pauly	Seaberg
Carlson, D.	Hartle	McEachern	Peterson	Segal
Carlson, J.	Haukoos	McKasy	Piepho	Shaver
Carlson, L.	Heap	McPherson	Piper	Sherman
Clausnitzer	Himle	Metzen	Poppenhagen	Simoneau
Cohen	Jacobs	Miller	Price	Sparby
Dempsey	Jennings, L.	Munger	Quinn	Stanis
DenOuden	Johnson	Nelson, D.	Quist	Sviggum

Thiede
Thorson
Tjornhom
Tomlinson

Tompkins
Tunheim
Uphus

Valan
Valento
Vanasek

Vellenga
Waltman
Welle

Wenzel
Zaffke
Spk. Jennings, D.

Those who voted in the negative were:

Battaglia
Begich
Clark
Elioff

Ellingson
Greenfield
Kahn
McLaughlin

Minne
Murphy
Norton
O'Connor

Osthoff
Sarna
Scheid
Solberg

Staten
Voss
Wynia

The bill was repassed, as amended by the Senate, and its title agreed to.

There being no objection the House recessed subject to the call of the Chair.

RECESS

RECONVENED

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

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 the remainder of Special Orders pending for today, March 17, 1986:

S. F. No. 2078.

SPECIAL ORDERS

S. F. No. 2078 was reported to the House.

Rees moved to amend S. F. No. 2078, as follows:

Page 2, line 3, afer "(3)" insert ", (4), or (19)"

The motion prevailed and the amendment was adopted.

Olsen, S., moved to amend S. F. No. 2078, as amended, as follows:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] The state will pay compensation for injury to or loss of property or personal injury or death caused by an act or omission of any employee of the state while acting within the scope of his office or employment or peace officer who is not acting on behalf of a private employer and who is acting in good faith pursuant to section 629.40, subdivision 3, under circumstances where the state, if a private person, would be liable to the claimant, *whether arising out of a governmental or proprietary function*. Nothing in this section waives the defense of judicial or legislative immunity except to the extent provided in subdivision 8.

Sec. 2. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 3, is amended to read:

Subd. 3. [EXCLUSIONS.] Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) Any loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or regulation;

(b) Any loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) Any loss in connection with the assessment and collection of taxes;

(d) Any loss caused by snow or ice conditions on any highway, *public sidewalk that does not abut publicly owned buildings and publicly owned parking lots* or other public place, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) Any loss caused by wild animals in their natural state;

(f) Any loss other than injury to or loss of property or personal injury or death;

(g) Any loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, and appurtenances, fixtures and attachments to land that the state has neither affixed nor improved;

(h) Any loss incurred by a user within the boundaries of the outdoor recreation system and arising from the construction, operation, or maintenance of the system, as defined in section 86A.04, or from the clearing of land, removal of refuse, and

creation of trails or paths without artificial surfaces, or from the construction, operation, or maintenance of a water access site created by the iron range resources and rehabilitation board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

(i) Any loss of benefits or compensation due under a program of public assistance or public welfare, except where state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(j) Any loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(k) Any loss based on the usual care and treatment, or lack of care and treatment, of any person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(l) Any loss, damage, or destruction of property of a patient or inmate of a state institution;

(m) Any loss for which recovery is prohibited by section 169.121, subdivision 9.

The state will not pay punitive damages.

Sec. 3. [16B.85] [RISK MANAGEMENT.]

Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] In the event that the state is unable to obtain certain types of insurance, or the commissioner determines insurance to be unreasonably costly, the commissioner may implement alternatives to the purchase of conventional insurance. A mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.

Subd. 2. [RISK MANAGEMENT FUND.] A state risk management fund is created. All state agencies which have had or may have casualty claims against them with respect to the risks for which the commissioner has implemented conventional insurance alternatives shall contribute to the fund a portion of the money appropriated to them. The commissioner shall determine the proportionate share of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies. The money in the fund to pay casualty claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner. Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures au-

thorized in this subdivision. The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies.

Sec. 4. Minnesota Statutes 1984, section 60A.06, is amended by adding a subdivision to read:

Subd. 3. Unless specifically authorized by section 60A.06, subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by section 60A.06, subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies. This subdivision does not apply to group policies.

Sec. 5. Minnesota Statutes 1985 Supplement, section 60A.10, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC COMPANIES.] (1) [DEPOSIT AS SECURITY FOR ALL POLICYHOLDERS REQUIRED.] No company in this state, other than farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, for the protection of both its resident and nonresident policyholders, securities to an amount, the actual market value of which, exclusive of interest, shall never be less than \$200,000 until July 1, 1986, \$300,000 until July 1, 1987, \$400,000 until July 1, 1988, and \$500,000 on and after July 1, 1988 or one-half the applicable financial requirement set forth in section 60A.07, whichever is less. The securities shall be retained under the control of the commissioner as long as any policies of the depositing company remain in force.

(2) [SECURITIES DEFINED.] For the purpose of this subdivision, the word "securities" means bonds or other obligations of, or bonds or other obligations insured or guaranteed by, the United States, any state of the United States, any municipality of this state, or any agency or instrumentality of the foregoing.

(3) [PROTECTION OF DEPOSIT FROM LEVY.] No judgment creditor or other claimant may levy upon any securities held on deposit with, or for the account of, the commissioner. Upon the entry of an order by a court of competent jurisdiction for the rehabilitation, liquidation or conservation

of any depositing company as provided in chapter 60B, that company's deposit together with any accrued income thereon shall be transferred to the commissioner as rehabilitator, liquidator, or conservator.

Sec. 6. Minnesota Statutes 1984, section 60A.13, is amended by adding a subdivision to read:

Subd. 8. [ANNUAL REPORTS.] Each insurer licensed to write property and casualty insurance in this state, as a supplement to the annual statement required by this section, shall submit a report on a form furnished by the commissioner separately showing its direct writings in Minnesota and in the United States on: liquor liability, product liability, medical malpractice, and any other line so designated by the commissioner on January 1 of each year.

The supplemental reports must include the following data, using appropriate estimates where necessary, for the previous year ending on December 31:

- (1) direct premiums written;*
- (2) direct premiums earned;*
- (3) net investment income, including net realized capital gains and losses;*
- (4) incurred claims, developed as the sum, and with figures provided for, of the following:*
 - (a) dollar amount of claims closed with payment, plus*
 - (b) reserves for reported claims at the end of the current year, minus*
 - (c) reserves for reported claims at the end of the previous year, plus*
 - (d) reserves for incurred but not reported claims at the end of the current year, minus*
 - (e) reserves for incurred but not reported claims at the end of the previous year, plus*
 - (f) reserves for loss adjustment expense at the end of the current year, minus*
 - (g) reserves for loss adjustment expense at the end of the previous year;*

(5) *actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, general office expenses, taxes, licenses and fees, and all other expenses;*

(6) *net underwriting gain or loss; and*

(7) *net operation gain or loss, including net investment income.*

This report is due by the first of May of each year and the first report must cover the year 1987. The commissioner shall annually compile and review all reports submitted by insurers pursuant to this section. These filings must be published and made available to any interested insured or citizen.

Sec. 7. Minnesota Statutes 1984, section 60A.25, is amended to read:

60A.25 [INSOLVENT COMPANIES (, NOTIFICATION OF POLICYHOLDERS).]

Subdivision 1. [NOTIFICATION OF POLICYHOLDERS.] Whenever any foreign or domestic insurance company authorized to transact the business of insurance in Minnesota is adjudicated insolvent, or whenever its policies are declared null and void by court order, the commissioner of commerce shall ascertain the names and last known addresses of all Minnesota policyholders of said company, and shall notify all Minnesota policyholders within 30 days of such adjudication or court order. In the case of foreign insurers authorized to do business in this state, the commissioner of commerce may elect to notify all of the company's licensed agents in Minnesota with a directive that the agents notify all insureds of the company's insolvency or that its policies have been declared null and void.

Subd. 2. [REMITTANCE OF PREMIUMS.] Every agency contract written by an insurance company writing property and casualty insurance in Minnesota shall contain or be construed to contain the following provision: "Notwithstanding any other provision of this contract, the obligation of the agent to remit written premiums to the company shall be changed upon the commencement of any administrative or legal proceeding by any state against the carrier regarding its financial condition. After the commencement of the proceedings, the obligation of the agent to remit premiums shall be confined to the premiums earned before the commencement of the proceedings. The agent shall not owe or remit to the company or to the liquidator or receiver any premiums that are unearned as of the date of the commencement of the delinquency proceedings, and any unearned premiums in the possession of the agent on the date shall be returned promptly by the agent to the insured or, with the approval of the insured, be used to purchase new coverage for the insured with a different insurer."

Page 5, after line 21, insert:

"Sec. 9. Minnesota Statutes 1984, section 60C.09, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] A covered claim is any unpaid claim, including one for unearned premium, which:

(a) Arises out of and is within the coverage of an insurance policy issued by a member insurer if the insurer becomes an insolvent insurer after April 30, 1979, *and includes claims under an additional or extended reporting period beyond the policy's termination for reporting claims if the additional or extended reporting period is provided in the policy without additional charge or has been purchased by the insured prior to the entry of an order of liquidation with a finding of insolvency;*

(b) Arises out of a class of business which is not excepted from the scope of Laws 1971, chapter 145 by section 60C.02; and

(c) Is made by:

(i) A policyholder, or an insured beneficiary under a policy, who, at the time of the insured event, was a resident of this state; or

(ii) A person designated in the policy as having an insurable interest in or related to property situated in this state at the time of the insured event; or

(iii) An obligee or creditor under any surety bond, who, at the time of default by the principal debtor or obligor, was a resident of this state; or

(iv) A third party claimant under a liability policy or surety bond, if: (a) the insured or the third party claimant was a resident of this state at the time of the insured event; (b) the claim is for bodily or personal injuries suffered in this state by a person who when he suffered the injuries was a resident of this state; or (c) the claim is for damages to real property situated in this state at the time of damage; or

(v) A direct or indirect assignee of a person who except for the assignment might have claimed under (i), (ii) or (iii).

A covered claim also includes any unpaid claim which arises or exists within 30 days after the time of entry of an order of liquidation with a finding of insolvency by a court of competent jurisdiction unless prior thereto the insured replaces the policy or causes its cancellation or the policy expires on its expiration date.

Sec. 10. Minnesota Statutes 1984, section 62A.02, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] No such policy shall be issued, nor shall any application, rider, or endorsement be used in connection therewith, until the expiration of (30) 60 days after it has been so filed unless the commissioner shall sooner give his written approval thereto.

Sec. 11. Minnesota Statutes 1984, section 62A.02, subdivision 3, is amended to read:

Subd. 3. [DISAPPROVAL.] The commissioner shall, within (30) 60 days after the filing of any form, disapprove the form:

(1) if the benefits provided therein are unreasonable in relation to the premium charged;

(2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the policy; or

(3) If the proposed premium rate is excessive because the insurer has failed to exercise reasonable cost control.

For the purposes of clause (1), the commissioner shall establish by rule a schedule of minimum anticipated loss ratios which shall be based on (i) the type or types of coverage provided, (ii) whether the policy is for group or individual coverage, and (iii) the size of the group for group policies. Except for individual policies of disability or income protection insurance, the minimum anticipated loss ratio shall not be less than 50 percent after the first year that a policy is in force. All applicants for a policy shall be informed in writing at the time of application of the anticipated loss ratio of the policy. For the purposes of this subdivision, "anticipated loss ratio" means the ratio at the time of form filing or at the time of subsequent rate revision of the present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums. Nothing in this paragraph shall prohibit the commissioner from disapproving a form which meets the requirements of this paragraph but which the commissioner determines still provides benefits which are unreasonable in relation to the premium charged. (THE COMMISSIONER MAY UNTIL DECEMBER 31, 1978, EXERCISE EMERGENCY POWER FOR THE PURPOSE OF IMPLEMENTING THE MINIMUM ANTICIPATED LOSS RATIO REQUIREMENT, AND FOR THIS PURPOSE MAY ADOPT EMERGENCY RULES AS PROVIDED IN SECTIONS 14.29 TO 14.36. NOTWITHSTANDING THE EXPIRATION OF THE COMMISSIONER'S EMERGENCY POWER, ANY EMERGENCY RULE ADOPTED BY HIM PRIOR TO THE EXPIRA-

TION OF HIS EMERGENCY POWER MAY REMAIN EFFECTIVE FOR THE PERIODS AUTHORIZED IN SECTIONS 14.29 TO 14.36.)

If the commissioner notifies an insurer which has filed any form that the form does not comply with the provisions of this section or sections 62A.03 to 62A.05 and section 72A.20, it shall be unlawful thereafter for the insurer to issue the form or use it in connection with any policy. In the notice the commissioner shall specify the reasons for his disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.

Sec. 12. Minnesota Statutes 1984, section 62B.07, subdivision 2, is amended to read :

Subd. 2. The commissioner shall within (30) 60 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule or regulation promulgated thereunder. In order to determine whether the premium to be charged under a particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1), (2), (3) and (4), and any and all other factors and trends demonstrated to be relevant. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

Sec. 13. Minnesota Statutes 1984, section 62B.07, subdivision 3, is amended to read :

Subd. 3. If the commissioner notifies the insurer that the form is disapproved, it is unlawful thereafter for the insurer to issue or use it. In his notice, the commissioner shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after a request in writing by the insurer. No policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used

until the expiration of (30) 60 days after it has been filed, unless the commissioner gives his prior written approval thereto.

Sec. 14. Minnesota Statutes 1984, section 62C.14, subdivision 10, is amended to read:

Subd. 10. Except as otherwise provided in subdivision 9, all forms received by the commissioner shall be deemed filed (30) 60 days after received unless disapproved by order transmitted to the corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 15. Minnesota Statutes 1984, section 62E.14, subdivision 3, is amended to read:

Subd. 3. [PRE-EXISTING CONDITIONS.] No person who obtains coverage pursuant to this section shall be covered for any pre-existing condition during the first six months of coverage under the state plan if the person was diagnosed or treated for that condition during the 90 days immediately preceding the filing of an application. *Notwithstanding this restriction, terminated employees subject to sections 62A.17 and 62E.16 may, in lieu of a conversion contract election, enroll with a waiver of the preexisting condition limitation."*

Page 6, after line 3, insert:

"Sec. 17. Minnesota Statutes 1984, section 62F.01, is amended to read:

62F.01 [CITATION (; EXPIRATION DATE).]

(SUBDIVISION 1.) Sections 62F.01 to 62F.14 may be cited as the "(TEMPORARY) Joint Underwriting Association Act."

(SUBD. 2. SECTIONS 62F.01 TO 62F.14 EXPIRE SEPTEMBER 1, 1988.)

Sec. 18. Minnesota Statutes 1984, section 62F.02, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created a (TEMPORARY) joint underwriting association to provide medical malpractice insurance coverage to any licensed health care provider unable to obtain this insurance through ordinary methods. Every insurer authorized to write and writing personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Sec. 19. Minnesota Statutes 1984, section 62F.03, subdivision 2, is amended to read:

Subd. 2. "Association" means the (TEMPORARY) joint underwriting association.

Sec. 20. Minnesota Statutes 1984, section 62F.04, is amended by adding a subdivision to read:

Subd. 1a. [REAUTHORIZATION.] The authorization to issue insurance is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods under the terms of subdivision 1. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance, except that a hearing is required for reauthorization.

Sec. 21. Minnesota Statutes 1984, section 62F.06, subdivision 1, is amended to read:

Subdivision 1. A policy issued by the association shall provide for a continuous period of coverage beginning with its effective date and terminating automatically at 12:01 a.m. on September 1, 1988, or sooner as provided in sections 62F.01 to 62F.14. The policy shall be issued subject to the group retrospective rating plan and the stabilization reserve fund authorized by section 62F.09. The policy shall be written to apply to (INJURY WHICH RESULTS FROM ACTS OR OMISSIONS) *claims first made against the insured and reported to the association during the policy period.* No policy form shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if he determines it is misleading or violates public policy.

Sec. 22. Minnesota Statutes 1984, section 62F.09, is amended to read:

62F.09 [STABILIZATION RESERVE FUND.]

Subdivision 1. There is created a stabilization reserve fund administered by (THREE DIRECTORS, AS FOLLOWS: THE COMMISSIONER; A REPRESENTATIVE OF THE ASSOCIATION APPOINTED BY THE COMMISSIONER; AND A REPRESENTATIVE OF THE POLICYHOLDERS OF THE ASSOCIATION, APPOINTED BY THE COMMISSIONER.)

(SUBD. 2. THE DIRECTORS SHALL ACT BY MAJORITY VOTE WITH TWO DIRECTORS CONSTITUTING A QUORUM FOR THE TRANSACTION OF ANY BUSINESS OR THE EXERCISE OF ANY POWER OF THE FUND. THE DIRECTORS SHALL SERVE WITHOUT SALARY, BUT SHALL BE REIMBURSED FOR EXPENSES IN THE MAN-

NER PROVIDED FOR STATE EMPLOYEES. THE DIRECTORS SHALL NOT BE SUBJECT TO PERSONAL LIABILITY OR ACCOUNTABILITY IN THE ADMINISTRATION OF THE FUND) *the association or its designee.*

Subd. (3) 2. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.

Subd. (4) 3. The association shall promptly pay into the stabilization reserve fund charges which it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.

Subd. (5) 4. All moneys paid into the fund shall be held in trust by a corporate trustee selected by the directors. The corporate trustee may invest the moneys held in trust, subject to the approval of the (DIRECTORS) *association*. All (INVESTMENT INCOME) *gains or losses from the investment of stabilization reserve fund money* shall be credited to the fund. All expenses of administration of the fund shall be charged against the fund. (THE MONEYS HELD IN TRUST) *Stabilization reserve fund money* shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders of the association under the group retrospective rating plan. Payment of retrospective premium charges shall be made (BY THE DIRECTORS) upon certification (TO THEM) by the association of the amount due. If all moneys accruing to the fund are exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any moneys remaining in the fund after all retrospective premium charges have been paid shall be returned to policyholders under procedures authorized by the (DIRECTORS) *association*.

Sec. 23. Minnesota Statutes 1984, section 62G.16, subdivision 9, is amended to read:

Subd. 9. All forms received by the commissioner shall be deemed filed (30) 60 days after received unless disapproved by order transmitted to the legal service plan corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 24. Minnesota Statutes 1984, section 65A.32, is amended to read:

65A.32 [PURPOSES.]

The purposes of sections 65A.31 to 65A.43 are:

(1) To encourage stability in the property *and liability* insurance market for property located in (URBAN AREAS OF) this state;

(2) To encourage maximum use, in obtaining (BASIC) property *and liability* insurance, as defined in sections 65A.31 to 65A.43, of the normal insurance market provided by the private property *and casualty* insurance industry;

(3) To encourage the improvement of the condition of properties located in (URBAN AREAS OF) this state and to further orderly community development generally;

(4) To provide for the formulation and administration by an industry placement facility of a plan assuring fair access to insurance requirements (FAIR Plan) in order that no property shall be denied (BASIC) property *or liability* insurance through the normal insurance market provided by the private property *and casualty* insurance industry except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics;

(5) To publicize the purposes and procedures of the FAIR Plan to the end that no one may fail to seek its assistance through ignorance thereof;

(6) To provide for the formulation and administration by the industry placement facility of a reinsurance arrangement whereby property *and casualty* insurers shall share equitably the responsibility for insuring insurable property for which (BASIC) property *and liability* insurance cannot be obtained through the normal insurance markets; and

(7) To provide a framework for participation by the state in a sharing of insured losses resulting from riots and other civil disorders occurring in this state as required by section 1223 of the Housing and Urban Development Act of 1968 (Public Law 90-448, Ninetieth Congress, August 1, 1968).

Sec. 25. Minnesota Statutes 1984, section 65A.33, is amended to read:

65A.33 [DEFINITIONS.]

Subdivision 1. As used in sections 65A.31 to 65A.43, unless the context otherwise requires, the terms defined in this section have the following meaning given to them.

Subd. 2. "Insurer" means any insurance company or other organization licensed to write and engaged in writing property or liability insurance business, including the property or liability insurance components of multi-peril policies, on a direct basis, in this state, except where such insurer is specifically exempted by statute from participation in this program.

Subd. 3. "(BASIC) Property or liability insurance" means the coverage against direct loss to real or tangible personal property at a fixed location that is provided in the standard fire policy, extended coverage endorsement, *homeowners insurance*, as defined in section 65A.27, subdivision 4, *cooperative housing insurance*, *condominium insurance*, builders risk, and such vandalism and malicious mischief insurance and such other classes of insurance as may be added to the program with respect to said property by amendment as hereinafter provided. (BASIC) Property or liability insurance does not include automobile, farm commercial liability or such manufacturing risks as may be excluded by the commissioner.

Subd. 4. "Industry placement facility," hereinafter referred to as the facility, means the organization formed by insurers to assist applicants (IN URBAN AREAS) in securing (BASIC) property or liability insurance and to administer the FAIR Plan and the joint reinsurance association.

Subd. 5. "Inspection bureau" means the (FIRE INSURANCE) rating organization designated by the facility with the approval of the commissioner to make inspections as required under this program and to perform such other duties as may be authorized by the facility.

Subd. 6. ("URBAN AREA" INCLUDES ANY MUNICIPALITY OR OTHER POLITICAL SUBDIVISION, SUBJECT TO POPULATION OR OTHER LIMITATIONS DEFINED IN RULES AND REGULATIONS OF THE SECRETARY AND SUCH ADDITIONAL AREAS AS MAY BE DESIGNATED BY THE COMMISSIONER.)

(SUBD. 7.) "Premiums written" means gross direct premiums, excluding that portion of premium on risks ceded to the joint reinsurance association, charged during the second preceding calendar year with respect to property in this state on all policies of (BASIC) property or liability insurance and the (BASIC) property or liability insurance premium components of all multi-peril policies, as computed by the facility, less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits.

Subd. (8) 7. "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. (9) 8. "Secretary" means the secretary of the United States department of housing and urban development.

(SUBD. 10. "SERVICING INSURER" MEANS AN INSURER DESIGNATED BY THE GOVERNING COMMITTEE TO ISSUE POLICIES ON BEHALF OF THE INDUSTRY PLACEMENT FACILITY.)

Sec. 26. Minnesota Statutes 1984, section 65A.34, subdivision 1, is amended to read:

65A.34 [FAIR PLAN; INSPECTIONS AND REPORTS.]

Subdivision 1. Any person having an insurable interest in real or tangible personal property (AT A FIXED LOCATION IN AN URBAN AREA) shall be entitled upon oral or written application therefor to the facility to a prompt inspection of the property by the inspection bureau without cost.

Sec. 27. Minnesota Statutes 1984, section 65A.35, subdivision 1, is amended to read:

65A.35 [FAIR PLAN BUSINESS; DISTRIBUTION AND PLACEMENT.]

Subdivision 1. [MEMBERSHIP.] Each insurer which is authorized to write and is engaged in writing within this state, on a direct basis, (BASIC) property *or liability* insurance or any component thereof contained in a multi-peril policy, including homeowners and commercial multi-peril policies, shall participate in the industry placement facility, as hereinafter described, as a condition of its authority to write such kinds of insurance within this state.

Sec. 28. Minnesota Statutes 1984, section 65A.35, subdivision 2, is amended to read:

Subd. 2. [PURPOSES.] The purposes of the facility shall be twofold, as more fully set forth in this section:

(1) To formulate and administer, subject to the approval of the commissioner, a plan assuring fair access to insurance requirements in order that no property (IN URBAN AREAS) shall be denied (BASIC) property *or liability* insurance through the normal insurance market provided by the private property *and casualty* insurance industry, except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics; and

(2) To formulate and administer, subject to the approval of the commissioner, a reinsurance arrangement whereby the members of the facility shall share equitably the responsibility for insuring property (IN URBAN AREAS) which is insurable but for which (BASIC) property or *liability* insurance cannot be obtained through normal insurance markets.

Sec. 29. Minnesota Statutes 1984, section 65A.37, is amended to read:

65A.37 [STANDARD POLICY COVERAGE.]

All policies (ISSUED), *except homeowners policies*, shall be (FOR BASIC PROPERTY INSURANCE) on standard policy forms at rates published by (THE INSPECTION BUREAU) Insurance Services Office and shall be issued for a term of one year. *All homeowners, cooperative housing insurance, and condominium insurance policies must be on forms published by Insurance Services Office and approved by the commissioner.*

Sec. 30. Minnesota Statutes 1984, section 65B.13, is amended to read:

65B.13 [AUTOMOBILE INSURANCE, DISCRIMINATION IN AUTOMOBILE POLICIES FORBIDDEN.]

No insurance company, or its agent, shall refuse to issue any standard or *preferred* policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

(a) between persons of the same class, or

(b) on account of race, or

(c) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person;

(1) is licensed by the department of public safety to operate a motor vehicle in this state, and

(2) operates only vehicles which are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person, or

(d) on account of marital dissolution.

Every company or agent violating any of the foregoing provisions shall be fined not more than \$100 per violation, and every

officer, agent, or solicitor violating the same shall be guilty of a misdemeanor. The commissioner of commerce is authorized to treat violations of this section as an unfair insurance practice and to enforce this section using the procedures, remedies, and penalties provided in sections 72A.17 to 72A.32.

Sec. 31. [65B.1311] [COVERAGE FOR FORMER SPOUSE.]

Subdivision 1. [NEW POLICY ISSUED.] If the former spouse of a named insured under a policy of private passenger vehicle insurance applies within 60 days of entry of a valid decree of dissolution of the marriage and the former spouse was an insured driver under the policy for at least 12 months prior to entry of the decree, the insurer must issue a policy, upon payment of the appropriate premium, to the former spouse only on the basis of the driving record applicable to the former spouse and any person who is to be an insured, as defined in section 65B.43, under the policy to be issued, provided the person or persons to be insured meets the insurer's eligibility standards.

Subd. 2. [NAMED INSURED.] A named insured under a policy of private passenger vehicle insurance shall have the premium determined at the first and any subsequent renewals of the policy after entry of a valid decree of dissolution of the marriage of the named insured only on the basis of the driving record applicable to the named insured and any person who is to be an insured, as defined in section 65B.43, under the policy to be renewed.

Sec. 32. Minnesota Statutes 1984, section 70A.04, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS; MARKET TEST.] (a) Rates are presumed not to be excessive if a reasonable degree of price competition exists at the consumer level with respect to the class of business to which they apply. In determining whether a reasonable degree of price competition exists, the commissioner shall consider all relevant tests (, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:)

(1. THE NUMBER OF INSURERS ACTIVELY ENGAGED IN THE CLASS OF BUSINESS.)

(2. THE NATURE OF RATE DIFFERENTIALS IN THAT CLASS OF BUSINESS.)

(3. WHETHER LONG RUN PROFITABILITY FOR INSURERS GENERALLY OF THE CLASS OF BUSINESS IS UNREASONABLY HIGH IN RELATION TO ITS RISKINESS).

In addition to any other manner of determining whether a reasonable degree of price competition exists with respect to any class of insurance, it is presumed that a reasonable degree of competition does not exist if less than five insurers write more than 75 percent of the direct written premiums.

(b) If such competition does not exist, rates are excessive if they are likely to produce a long-run profit that is unreasonably high in relation to the riskiness of the class of business, or if expenses are unreasonably high in relation to the services rendered.

In determining whether an excessive rate is being charged by an individual insurer for a class of insurance where a reasonable degree of competition does not exist, the commissioner shall determine whether the rate charged produces a rate of return that is not in excess of a reasonable rate of return. To determine what is a reasonable rate of return, the riskiness of the class of insurance, the profitability of the insurer in that class of business, and other relevant factors shall be considered.

Sec. 33. Minnesota Statutes 1984, section 70A.06, subdivision 1, is amended to read:

Subdivision 1. Every licensed insurer and every rate service organization licensed under section 70A.14 shall (FURNISH) file with the commissioner all rates and all changes and amendments of rates made by it for use in this state not later than their effective date. No rates contained in a filing shall become effective unless they have been filed with the commissioner. In any filing, the commissioner may require the insurer or rate service organization to file supporting data and explanatory data which shall include:

(1) the experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;

(2) its interpretation of any statistical data relied upon;

(3) descriptions of the actuarial and statistical methods employed; and

(4) any other matters deemed relevant by the commissioner or the filer.

Notwithstanding the foregoing, if supporting data is not filed within 30 days after so requested by the commission, the rate is no longer effective and is presumed to be an excessive rate.

Sec. 34. Minnesota Statutes 1984, section 70A.06, subdivision 2, is amended to read:

Subd. 2. No policy form shall be delivered or issued for delivery unless it has been filed with the commissioner and either (i) he has approved it or (ii) (30) 60 days have elapsed and he has not disapproved it as misleading or violative of public policy, which period may be extended by the commissioner for an additional period not to exceed (30) 60 days.

Sec. 35. Minnesota Statutes 1984, section 70A.08, is amended by adding a subdivision to read:

Subd. 3. Until January 1, 1988, the commissioner may restrict approval on claims-made policies to forms filed by a rate service organization which have been approved.

Sec. 36. Minnesota Statutes 1984, section 70A.10, is amended to read:

70A.10 [DELAYED EFFECT OF RATES.]

Subdivision 1. [(RULE) ORDER INSTITUTING DELAYED EFFECT.] If the commissioner finds, after a hearing, that competition is not an effective regulator of the rates charged or that a substantial number of companies are competing irresponsibly through the rates charged, or that there are widespread violations of this chapter, in any kind or line of insurance or subdivision thereof or in any rating class or rating territory, he may issue (A RULE) *an order* requiring that in the kind or line of insurance or subdivision thereof or rating class or rating territory comprehended by the finding any subsequent changes in the rates or supplementary rate information be filed with him at least (30) 60 days before they become effective. He may extend the waiting period for not to exceed (15) 30 additional days by written notice to the filer before the (30) 60 day period expires.

Subd. 2. [SUPPORTING DATA.] In the (RULE) *order* issued under subdivision 1 or in any supplementary (RULE) *order*, the commissioner may require the filing of supporting data as to any or all kinds or lines of insurance or subdivisions thereof or classes of risks or combinations thereof as he deems necessary for the proper functioning of the rate monitoring and regulating process. The supporting data shall include:

(a) The experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;

(b) Its interpretation of any statistical data relied upon;

(c) Descriptions of the actuarial and statistical methods employed; and

(d) Any other matters deemed relevant by the commissioner or the filer.

Subd. 3. [EXPIRATION OF (REGULATION) ORDER.] (A REGULATION) *An order issued under subdivision 1 shall expire no more than (ONE YEAR) two years after issue. (THE COMMISSIONER MAY RENEW IT AFTER A HEARING AND APPROPRIATE FINDINGS AS PROVIDED UNDER SUBDIVISION 1.)*

Subd. 4. [SUPPORTING INFORMATION.] Whenever a filing is not accompanied by such information as the commissioner has required under subdivision 2, he may so inform the insurer and the filing shall be deemed to be made when the information is furnished.

Sec. 37. Minnesota Statutes 1984, section 70A.11, is amended to read:

70A.11 [DISAPPROVAL OF RATES.]

Subdivision 1. [ORDER (IN EVENT OF VIOLATION) AFTER HEARING.] If the commissioner finds after a (HEARING) *contested case proceeding under chapter 14* that a rate is not in compliance with section 70A.04, he shall order that its use is to be discontinued (ON A DATE NOT LESS THAN 30 DAYS AFTER THE ORDER) *and shall order the excess premium plus interest at the rate specified in section 549.09 to be refunded to the policyholder. The amount of the refund, plus interest, must be computed from the commencement date of the contested case hearing on the rate. Interest must be computed as simple interest per annum.*

Subd. 2. [TIMING OF ORDER.] The order under subdivision 1 shall be issued within (30) *60* days after the close of the hearing or within such reasonable time extension as the commissioner may fix.

Subd. 3. [APPROVAL OF SUBSTITUTED RATE.] No rate replacing a disapproved rate may be used until it has been filed with the commissioner and not disapproved within (30) *60* days thereafter, except that the rate disapproved under subdivision 1, with the consent of the commissioner, or the last previous rate in effect for the insurer may be used for a period of not more than three months pending the approval of a substituted rate. The commissioner's order may include provision for a premium adjustment in a rate charged pending approval of a substituted rate.

Sec. 38. Minnesota Statutes 1984, section 72A.13, subdivision 1, is amended to read:

Subdivision 1. Any company, corporation, association, society, or other insurer, or any officer or agent thereof, which or who solicits, issues or delivers to any person in this state any policy in violation of the provisions of sections 4 or 62A.01 to 62A.10, may be punished by a fine of not more than \$100 for each offense, and the commissioner may revoke the license of any company, corporation, association, society, or other insurer of another state or country, or of the agent thereof, which or who wilfully violates any provision of sections 4 or 62A.01 to 62A.10.

Sec. 39. [145.682] [CERTIFICATION OF EXPERT REVIEW; AFFIDAVIT.]

Subdivision 1. [DEFINITION.] For purposes of this section, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

Subd. 2. [REQUIREMENT.] In an action alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider which includes a cause of action as to which expert testimony is necessary to establish a prima facie case, the plaintiff must: (1) unless otherwise provided in subdivision 3, paragraph (b), serve upon defendant with the summons and complaint an affidavit as provided in subdivision 3; and (2) serve upon defendant within 180 days after commencement of the suit an affidavit as provided by subdivision 4.

Subd. 3. [AFFIDAVIT OF EXPERT REVIEW.] The affidavit required by subdivision 2, clause (1), must be by the plaintiff's attorney and state that:

(a) the facts of the case have been reviewed by the plaintiff's attorney with an expert whose qualifications provide a reasonable expectation that the expert's opinions could be admissible at trial and that, in the opinion of this expert, one or more defendants deviated from the applicable standard of care and by that action caused injury to the plaintiff; or

(b) the expert review required by paragraph (a) could not reasonably be obtained before the action was commenced because of the applicable statute of limitations. If an affidavit is executed pursuant to this paragraph, the affidavit in paragraph (a) must be served on defendant or the defendant's counsel within 90 days after service of the summons and complaint.

Subd. 4. [IDENTIFICATION OF EXPERTS TO BE CALLED.] *The affidavit required by subdivision 2, clause (2), must be by the plaintiff's attorney and state the identity of each person whom plaintiff expects to call as an expert witness at trial to testify with respect to the issues of malpractice or causation, the substance of the facts and opinions to which the expert is expected to testify, and a summary of the grounds for each opinion. Answers to interrogatories that state the information required by this subdivision satisfy the requirements of this subdivision if they are signed by the plaintiff's attorney and served upon the defendant within 180 days after commencement of the suit against the defendant.*

The parties or the court for good cause shown, may by agreement, provide for extensions of the time limits specified in subdivision 2, 3, or this subdivision. Nothing in this subdivision may be construed to prevent either party from calling additional expert witnesses or substituting other expert witnesses.

Subd. 5. [RESPONSIBILITIES OF PLAINTIFF AS ATTORNEY.] *If the plaintiff is acting pro se, the plaintiff shall sign the affidavit or answers to interrogatories referred to in this section and is bound by those provisions as if represented by an attorney.*

Subd. 6. [PENALTY FOR NONCOMPLIANCE.] *Failure to comply with subdivision 2, clause (1), within 60 days after demand for the affidavit results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.*

Failure to comply with subdivision 2, clause (2), and subdivision 4 results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.

Subd. 7. [CONSEQUENCES OF SIGNING AFFIDAVIT.] *The signature of the plaintiff or the plaintiff's attorney constitutes a certification that the person has read the affidavit or answers to interrogatories, and that to the best of the person's knowledge, information, and belief formed after a reasonable inquiry, it is true, accurate, and made in good faith. A certification made in violation of this subdivision subjects the attorney or plaintiff responsible for such conduct to reasonable attorney's fees, costs, and disbursements.*

Sec. 40. Minnesota Statutes 1984, section 245.814, is amended to read:

**245.814 [LIABILITY INSURANCE FOR (FOSTER PAR-
ENTS) LICENSED PROVIDERS.]**

Subdivision 1. [INSURANCE FOR FOSTER PARENTS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:

(1) injuries or property damage caused or sustained by foster children in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused intentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

Subd. 2. [LIABILITY INSURANCE; RISK POOL.] *If the commissioner determines that appropriate commercial liability insurance coverage is not available for a licensed foster home, group home, developmental achievement center, or day care provider, and that coverage available through the joint underwriting authority of the commissioner of commerce or other public entity is not appropriate for the provider or a class of providers, the commissioner of human services and the commissioner of commerce may jointly establish a risk pool to provide coverage for licensed providers out of premiums or fees paid by providers. The commissioners may set limits on coverage, establish premiums or fees, determine the proportionate share of each provider to be collected in a premium or fee based on the provider's claim experience and other factors the commissioners consider appropriate, establish eligibility and application requirements for coverage, and take other action necessary to accomplish the purposes of this subdivision. A human services risk pool fund is created for the purposes of this subdivision. Fees and premiums collected from providers for risk pool coverage are appropriated to the risk pool fund. Interest earned from the investment of money in the fund must be credited to the fund and money in the fund is appropriated to the commissioner of human services to pay administrative costs and covered claims for participating providers. In the event that money in the fund is insufficient to pay outstanding claims and associated administrative costs, the commissioner of human services may assess providers participating in the risk pool amounts sufficient to pay the costs. The commissioner of human services may not assess a provider an amount exceeding one year's premiums collected from that provider.*

Sec. 41. [317.201] [UNPAID DIRECTORS OR TRUSTEES; LIABILITY FOR DAMAGES.]

A director or trustee of a nonprofit corporation or association who is not paid for services to the corporation or association is not individually liable for damages occasioned solely by reason of membership on or participation in board activities.

Sec. 42. Minnesota Statutes 1984, section 398A.04, subdivision 6, is amended to read:

Subd. 6. [INSURANCE AND INDEMNITY.] (a) The authority shall be subject to tort liability to the extent provided in chapter 466 and may procure insurance against the liability, and may indemnify and purchase and maintain insurance on behalf of any of its commissioners, officers, employees, or agents, in connection with any threatened, pending, or completed action, suit, or proceeding, as provided in chapter 466, and to the same extent and in the same manner and with the same force and effect as provided in the case of a private corporation by section (300.082) *300.083*. It may also procure insurance against loss of or damage to property in the amounts, by reason of the risks, and from the insurers as it deems prudent.

(b) *A railroad leasing its tracks and right-of-way to a railroad authority created under this chapter and affiliated with a railroad museum is subject to tort liability only to the extent provided for municipalities in chapter 466 as to any claims arising out of fare-paying passenger operations carried on by the railroad authority primarily for the purpose of promoting tourism on tracks and right-of-way leased from the railroad.*

Sec. 43. Minnesota Statutes 1984, section 466.01, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPALITY.] For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, special district, school district, however organized, county agricultural society organized pursuant to chapter 38, *joint powers board or organization created under section 471.59 or other statute*, public library, regional public library system, multicounty multitype library system, or other political subdivision.

Sec. 44. Minnesota Statutes 1984, section 466.03, subdivision 4, is amended to read:

Subd. 4. [ACCUMULATIONS OF SNOW AND ICE.] Any claim based on snow or ice conditions on any highway, *public sidewalk that does not abut publicly-owned buildings and publicly-owned parking lots*, or other public place except when the condition is affirmatively caused by the negligent acts of the municipality.

Sec. 45. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 6d. [PARKS AND RECREATION AREAS.] Any claim based upon the construction, operation, or maintenance of any property owned or leased by the municipality that is intended or permitted to be used as a park, as a playground, as an open area for recreational purposes, or for the provision of recreational services, or from any claim based on the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, if the claim arises from a loss incurred by a user of park and recreation property or services. Nothing in this subdivision limits the liability of a municipality for conduct that would entitle a trespasser to damages against a private person.

Sec. 46. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 8. Any claim for a loss other than injury to or loss of property or personal injury or death.

Sec. 47. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 9. Any claim for a loss of benefits or compensation due under a program of public assistance or public welfare, except where municipal compensation for loss is expressly required by federal law in order for the municipality to receive federal grants-in-aid.

Sec. 48. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 10. Any claim for a loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the municipality or its agents.

Sec. 49. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 11. Any claim for a loss based on the usual care and treatment, or lack of care and treatment, of any person at a municipal hospital or corrections facility where reasonable use of available funds has been made to provide care.

Sec. 50. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 12. Any claim for a loss, damage, or destruction of property of a patient or inmate of a municipal institution.

Sec. 51. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 13. Any claim for a loss caused by the condition of unimproved real property owned by a municipality, which means land that the municipality has not improved, and appurtenances, fixtures and attachments to land that the municipality has neither affixed nor improved.

Sec. 52. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 14. Any claim for a loss for which recovery is prohibited by section 169.121, subdivision 9.

Sec. 53. Minnesota Statutes 1984, section 466.05, is amended to read:

466.05 [NOTICE OF CLAIM.]

Subdivision 1. [NOTICE REQUIRED.] Except as provided in subdivisions 2 and 3, every person, *whether plaintiff, defendant or third party plaintiff or defendant*, who claims damages from any municipality or municipal employee acting within the scope of employment for or on account of any loss or injury within the scope of section 466.02 shall cause to be presented to the governing body of the municipality within 180 days after the alleged loss or injury is discovered a notice stating the time, place and circumstances thereof, *the names of the municipal employees known to be involved*, and the amount of compensation or other relief demanded. Actual notice of sufficient facts to reasonably put the governing body of the municipality or its insurer on notice of a possible claim shall be construed to comply with the notice requirements of this section. Failure to state the amount of compensation or other relief demanded does not invalidate the notice; but in such case, the claimant shall furnish full information regarding the nature and extent of the injuries and damages within 15 days after demand by the municipality. (NO ACTION THEREFOR SHALL BE MAINTAINED UNLESS SUCH NOTICE HAS BEEN GIVEN AND UNLESS THE ACTION IS COMMENCED WITHIN ONE YEAR AFTER SUCH NOTICE.) The time for giving such notice does not include the time, (NOT EXCEEDING 90 DAYS,) during which the person injured is incapacitated by the injury from giving the notice.

(SUBD. 2. [EXCEPTIONS TO THE NOTICE REQUIREMENT.] NOTICE SHALL NOT BE REQUIRED TO MAINTAIN AN ACTION FOR DAMAGES FOR OR ON ACCOUNT OF ANY LOSS OR INJURY WITHIN THE SCOPE OF SECTION 466.02 IF SUCH INJURY OR LOSS:)

((A) ARISES OUT OF AN INTENTIONAL TORT COMMITTED BY AN OFFICER, EMPLOYEE OR AGENT OF THE MUNICIPALITY; OR)

((B) INVOLVES A MOTOR VEHICLE OR OTHER EQUIPMENT OWNED BY THE MUNICIPALITY OR OPERATED BY AN OFFICER, EMPLOYEE OR AGENT OF THE MUNICIPALITY.)

(WHERE NO NOTICE OF CLAIM IS REQUIRED UNDER THIS CHAPTER, NO ACTION SHALL BE MAINTAINED UNLESS THE ACTION IS COMMENCED WITHIN TWO YEARS AFTER THE DATE OF THE INCIDENT, ACCIDENT OR TRANSACTION OUT OF WHICH THE CAUSE OF ACTION ARISES.)

Subd. (3) 2. [CLAIMS FOR WRONGFUL DEATH; NOTICE.] When the claim is one for death by wrongful act or omission, the notice may be presented by the personal representative, surviving spouse, or next of kin, or the consular officer of the foreign country of which the deceased was a citizen, within one year after the alleged injury or loss resulting in such death; if the person for whose death the claim is made has presented a notice that would have been sufficient had he lived an action for wrongful death may be brought without any additional notice.

Sec. 54. Minnesota Statutes 1984, section 466.07, is amended by adding a subdivision to read:

Subd. 4. [PUNITIVE DAMAGES.] A municipality may not save harmless, indemnify or insure an officer or employee for punitive damages levied against the officer or employer. The municipality may provide a defense against a claim for punitive damages as a necessary incident to other elements of a defense.

Sec. 55. [LAW ENFORCEMENT COSTS.]

When costs are assessed against a municipality for injuries incurred or other medical expenses connected with the arrest of individuals violating Minnesota Statutes, the municipality responsible for the hiring, firing, training, and control of the law enforcement and other employees involved in the arrest is responsible for those costs.

Sec. 56. Minnesota Statutes 1984, section 471.982, subdivision 3, is amended to read:

Subd. 3. Self-insurance pools established and open for enrollment on a statewide basis by the Minnesota league of cities insurance trust, the Minnesota school boards association insurance

trust or the Minnesota association of counties insurance trust *and the political subdivisions that belong to them* are exempt from the requirements of this section *and section 65B.48, subdivision 3.*

Sec. 57. Minnesota Statutes 1984, section 541.051, is amended to read:

541.051 [LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.]

Subdivision 1. Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, nor any action for contribution or indemnity for damages sustained on account of the injury, shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery thereof, nor, in any event shall such a cause of action accrue more than (15) *ten* years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or his representative can occupy or use the improvement for the intended purpose.

Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of an action which accrues during the (14TH) *ninth* or (15TH) *tenth* year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the action accrued, but in no event may an action be brought more than (17) *twelve* years after substantial completion of the construction.

Subd. 3. Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. This section shall not apply to actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, provided such actions shall be brought within two years of the discovery of the breach.

Sec. 58. [541.052] [LIMITATION OF ACTIONS FOR DAMAGES BASED ON ERRORS IN LAND SURVEYS.]

Subdivision 1. Except where fraud is involved, no action to recover damages for an error in the survey of land, nor any action for contribution or indemnity for damages sustained on account of an error, may be brought against any person performing the survey more than two years after the discovery of the error, nor in any event more than ten years after the date of the survey.

Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of action which occurs during the ninth or tenth year after the date of the survey, an action to recover damages may be brought within two years after the date on which the action occurred, but in no event may an action be brought more than twelve years after the date of the survey.

Sec. 59. Minnesota Statutes 1984, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of action accrued or arising anytime during the period of limitation, shall suspend the running of the period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:

- (1) That the plaintiff is within the age of 18 years;*
- (2) His insanity;*
- (3) His imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than his natural life;*
- (4) Is an alien and the subject or citizen of a country at war with the United States;*
- (5) When the beginning of the action is stayed by injunction or by statutory prohibition.*

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

(b) In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a),

clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than eight years.

For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

Sec. 60. [548.36] [COLLATERAL SOURCE CALCULATIONS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "collateral sources" means payments related to the injury or disability in question made to the plaintiff, or on the plaintiff's behalf up to the date of the verdict, by or pursuant to:

(1) a federal, state, or local income disability or workers' compensation act; or other public program providing medical expenses, disability payments, or similar benefits;

(2) health, accident and sickness, or automobile accident insurance or liability insurance that provides health benefits or income disability coverage; except life insurance benefits available to the plaintiff, whether purchased by the plaintiff or provided by others, and payments made pursuant to the United States Social Security Act, a pension, or other income disability coverage;

(3) a contract or agreement of a group, organization, partnership, or corporation to provide, pay for, or reimburse the costs of hospital, medical, dental or other health care services; or

(4) a contractual or voluntary wage continuation plan provided by employers or any other system intended to provide wages during a period of disability.

Subd. 2. [MOTION.] In a civil action, whether based on contract or tort, when liability is admitted or is determined by the trier of fact, and when damages include an award to compensate the plaintiff for losses available to the date of the verdict by collateral sources, a party may file a motion within ten days of the date of entry of the verdict requesting determination of collateral sources. If the motion is filed, the parties shall submit written evidence of, and the court shall determine:

(1) amounts of collateral sources that have been paid for the benefit of the plaintiff or are otherwise available to the plaintiff as a result of losses except those for which a subrogation right has been asserted; and

(2) amounts that have been paid, contributed, or forfeited by, or on behalf of, the plaintiff or members of the plaintiff's immediate family for the two-year period immediately before the accrual of the action to secure the right to a collateral source benefit that the plaintiff is receiving as a result of losses.

Subd. 3. [DUTIES OF THE COURT.] (a) The court shall reduce the award by the amounts determined under subdivision 2, clause (1), and offset any reduction in the award by the amounts determined under subdivision 2, clause (2).

(b) If the court cannot determine the amounts specified in paragraph (a) from the written evidence submitted, the court may within ten days request additional written evidence or schedule a conference with the parties to obtain further evidence.

Subd. 4. [CALCULATION OF ATTORNEYS' FEES.] If the fees for legal services provided to the plaintiff are based on a percentage of the amount of money awarded to the plaintiff, the percentage must be based on the amount of the award as adjusted under subdivision 3. Any subrogated provider of a collateral source not separately represented by counsel shall pay the same percentage of attorneys' fees as paid by the plaintiff and shall pay its proportionate share of the costs.

Subd. 5. [JURY NOT INFORMED OF COLLATERAL SOURCES.] The jury shall not be informed of the existence of collateral sources or any future benefits which may or may not be payable to the plaintiff.

Sec. 61. Minnesota Statutes 1984, section 549.09, subdivision 1, is amended to read:

Subdivision 1. [WHEN OWED; RATE.] (a) When the judgment is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict or report until judgment is finally entered shall be computed by the clerk as provided in clause (c) and added to the judgment. (b) Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest on pecuniary damages shall be computed as provided in clause (c) from the time of the commencement of the action, or the time of a written demand, whichever occurs first, except as provided herein. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counter-offer within 60 days. After that time interest on the judgment shall be calculated by the judge in the following manner. The prevailing party shall receive interest on any judgment from the time the action was commenced or a written demand was made, or as to special damages from the time when special damages were incurred, if later (THAN COMMENCEMENT OF THE ACTION), until the time of verdict or report only if the amount of its offer is closer to the judgment

than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment, whichever is less, and only from the time the action was commenced *or a written demand was made*, or as to special damages from when the special damages were incurred, if later (THAN COMMENCEMENT OF THE ACTION), until the time the settlement offer was made. *Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (3), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact.* Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments, decrees, or orders in dissolution, annulment, or legal separation actions;

(3) *judgments for future damages*;

(4) punitive damages, fines, or other damages that are non-compensatory in nature;

((4)) (5) judgments not in excess of the amount specified in section 487.30; and

((5)) (6) that portion of any verdict or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court. (c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the secondary market yield on one year United States treasury bills for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year; provided, however, that in no event shall the rate of interest be less than eight percent per annum. *The state court administrator shall also determine the average rate of interest on judgments to be used during the succeeding calendar year for computation of the discount rate under section 66, subdivision 4, clause (1).* The state court administrator shall communicate the interest

(RATE) rates to the clerks of court for (THEIR) use in computing the interest on verdicts *and the discount rate under section 66.*

Sec. 62. Minnesota Statutes 1984, section 549.20, subdivision 1, is amended to read:

Subdivision 1. Punitive damages (SHALL BE ALLOWED) *are not allowable* in civil actions (ONLY UPON CLEAR AND CONVINCING EVIDENCE THAT THE ACTS OF THE DEFENDANT SHOW A WILLFUL INDIFFERENCE TO THE RIGHTS OR SAFETY OF OTHERS).

Sec. 63. Minnesota Statutes 1984, section 549.21, is amended to read:

549.21 [REIMBURSEMENT FOR CERTAIN COSTS IN CIVIL ACTIONS.]

Upon motion of a party, the court in its discretion may award to that party costs, disbursements, reasonable attorney fees and witness fees if the party or attorney against whom costs, disbursements, reasonable attorney and witness fees are charged acted in bad faith; asserted a claim or defense (KNOWING IT TO BE) *that is frivolous and that is costly to the other party*; asserted an unfounded position solely to delay the ordinary course of the proceedings or to harass; or committed a fraud upon the court. (TO QUALIFY FOR AN AWARD UNDER THIS SECTION, A PARTY SHALL GIVE TIMELY NOTICE OF INTENT TO CLAIM AN AWARD.) An award under this section shall be without prejudice and as an alternative to any claim for sanctions that may be asserted under the rules of civil procedure. Nothing herein shall authorize the award of costs, disbursements or fees against a party or attorney advancing a claim or defense unwarranted under existing law, if it is supported by a good faith argument for an extension, modification, or reversal of the existing law.

Sec. 64. [549.23] [NONECONOMIC LOSSES; LIMITATIONS.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including but not limited to pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.*

Subd. 2. [LIMITATION.] *In civil actions, whether based on contract or tort, the amount of damages per person for noneconomic losses may not exceed \$500,000.*

Sec. 65. Minnesota Statutes 1984, section 595.02, is amended by adding a subdivision to read:

Subd. 4. [WAIVER OF PRIVILEGE FOR HEALTH CARE PROVIDERS.] A party who commences an action for malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider on the person's own behalf or in a representative capacity, waives in that action any privilege existing under subdivision 1, paragraphs (d) and (g), as to any information or opinion in the possession of a health care provider who has examined or cared for the party or other person whose health or medical condition has been placed in controversy in the action. This waiver must permit all parties to the action, and their attorneys or authorized representatives, to informally discuss the information or opinion with the health care provider if the provider consents. Prior to an informal discussion with a health care provider, the defendant must mail written notice to the other party at least 15 days before the discussion. The plaintiff's attorney or authorized representative must have the opportunity to be present at any informal discussion. Appropriate medical authorizations permitting discussion must be provided by the party commencing the action upon request from any other party.

A health care provider may refuse to consent to the discussion but, in that event, the party seeking the information or opinion may take the deposition of the health care provider with respect to that information and opinion, without obtaining a prior court order.

For purposes of this subdivision, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

Sec. 66. Minnesota Statutes 1984, section 604.02, subdivision 1, is amended to read:

Subdivision 1. When two or more persons are (JOINTLY) liable in an action for death or injury to a person or injury to property, (CONTRIBUTIONS TO AWARDS SHALL BE) each person is severally liable in proportion to the percentage of fault attributable to (EACH, EXCEPT THAT EACH IS JOINTLY AND SEVERALLY LIABLE FOR THE WHOLE AWARD) that person. The principle of joint and several liability for the whole award is abolished.

Sec. 67. Minnesota Statutes 1984, section 604.02, is amended by adding a subdivision to read:

Subd. 4. [DEFINITION.] For purposes of this section, "person" includes a municipality as defined in section 466.01.

Sec. 68. [604.07] [DISCOUNT, FUTURE DAMAGE AWARDS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.

(b) "Economic loss" means all pecuniary harm for which damages are recoverable, including, but not limited to, medical expenses, loss of earnings, and loss of earning capacity.

(c) "Future damages" means all damages which the trier of fact finds will accrue after the damage findings are made.

(d) "Noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including, but not limited to, pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.

(e) "Past damages" means all damages that have accrued when the damage findings are made.

Subd. 2. [DISCOUNT REQUIRED.] In all actions seeking damages for personal injury, wrongful death, or loss of means of support, awards of all future damages, including economic and noneconomic loss, reasonably certain to occur must be discounted to present value as provided in this section.

Subd. 3. [FUTURE DAMAGES; EVIDENCE.] The amount of all future damages, including economic and noneconomic loss reasonably certain to occur, must be ascertained at the time of trial without reference to projected inflationary or noninflationary changes. Evidence of noninflationary changes in earnings or earning capacity that are reasonably certain to occur are admissible, but this evidence is limited to the present value of the future changes without regard to inflationary changes. Projected increases in earnings or earning capacity dependent upon general economic statistics are not admissible.

Subd. 4. [DISCOUNT RATE.] The award calculated under subdivision 3 must be reduced to present value at the time of trial by application of a discount rate equal to:

(1) the average rate of interest on judgments under section 549.09 for the five calendar years immediately preceding the commencement of trial, rounded to the nearest one-tenth, less

(2) the average increase in the Consumer Price Index for all Urban Consumers, all items, as published by the U. S. Depart-

ment of Labor, Bureau of Labor Statistics, rounded to the nearest one-tenth, for the same five-year period. If the Labor Department statistics are not published by the time of trial, the court shall employ the average increase over the most recent five-year period available in the published statistics.

In no instance may the discount rate fall below two percent or rise above six percent.

Sec. 69. [REPEALER.]

Minnesota Statutes 1984, sections 70A.06, subdivision 4; 549.20, subdivisions 2 and 3, are repealed.

Sec. 70. [APPLICATION.]

Sections 1 and 43 to 56 apply to claims arising from incidents that occur after June 30, 1986.

Sections 39, 57, and 61 apply to all actions commenced on or after the effective date of those sections. Sections 58 to 67 apply to actions pending on or commenced on or after the effective date of those sections."

Page 6, line 5, delete "1 and 2" and insert "4, 8, 9 to 40, and 68"

Page 6, line 6, after the period insert "Section 59 is effective January 1, 1987."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Nelson, D., moved that S. F. No. 2078, as amended, be continued on Special Orders.

A roll call was requested and properly seconded.

The question was taken on the Nelson, D., motion and the roll was called.

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

There were 64 yeas and 67 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

The motion did not prevail.

Skoglund moved to amend the Olsen, S., amendment to S. F. No. 2078, as amended, as follows:

Page 11, after line 14, insert:

"Sec. 16. Minnesota Statutes 1984, section 62E.14, is amended by adding a subdivision to read:

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

Coverage in the state plan for purposes of this section shall be effective on the date of termination upon completion of the

proper application and payment of the required premium. The application must include evidence of termination of the existing policy or certificate."

Page 5, line 22, delete "Section 1 is" and insert "Sections 1 and 2 are"

Renumber the remaining section

Amend the title accordingly

A roll call was requested and properly seconded.

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

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

There were 114 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The question recurred on the Olsen, S., amendment, as amended, and the roll was called.

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

There were 65 yeas and 69 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

Rice moved to amend S. F. No. 2078, as amended, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] The state will pay compensation for injury to or loss of property or personal injury or death caused by an act or omission of any employee of the state while acting within the scope of his office or employment or peace officer who is not acting on behalf of a private employer and who is acting in good faith pursuant to section 629.40, subdivision 3, under circumstances where the state, if a private person, would be liable to the claimant, *whether arising out of a governmental or proprietary function*. Nothing in this section waives the defense of judicial or legislative immunity except to the extent provided in subdivision 8.

Sec. 2. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 3, is amended to read:

Subd. 3. [EXCLUSIONS.] Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) Any loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or regulation;

(b) Any loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) Any loss in connection with the assessment and collection of taxes;

(d) Any loss caused by snow or ice conditions on any highway (OR OTHER PUBLIC PLACE) or *public sidewalk that does not abut a publicly-owned building or a publicly-owned parking lot*, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) Any loss caused by wild animals in their natural state;

(f) Any loss other than injury to or loss of property or personal injury or death;

(g) Any loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, and appurtenances, fixtures and attachments to land that the state has neither affixed nor improved;

(h) Any loss incurred by a user within the boundaries of the outdoor recreation system and arising from the construction, operation, or maintenance of the system, as defined in section 86A.04, or from the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, or from the construction, operation, or maintenance of a water access site created by the iron range resources and rehabilitation board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

(i) Any loss of benefits or compensation due under a program of public assistance or public welfare, except where state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(j) Any loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(k) Any loss based on the usual care and treatment, or lack of care and treatment, of any person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(l) Any loss, damage, or destruction of property of a patient or inmate of a state institution;

(m) Any loss for which recovery is prohibited by section 169.121, subdivision 9.

The state will not pay punitive damages.

Sec. 3. [16B.85] [RISK MANAGEMENT.]

Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] In the event that the state is unable to obtain certain types of insurance, or the commissioner determines insurance to be unreasonably costly, the commissioner may implement alternatives to the purchase of conventional insurance. A mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.

Subd. 2. [RISK MANAGEMENT FUND.] A state risk management fund is created. All state agencies which have had or may have casualty claims against them with respect to the risks for which the commissioner has implemented conventional insurance alternatives shall contribute to the fund a portion of the money appropriated to them. The commissioner shall determine the proportionate share of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies. The money in the fund to pay casualty claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner. Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures authorized in this subdivision. The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies.

Sec. 4. Minnesota Statutes 1984, section 60A.06, is amended by adding a subdivision to read:

Subd. 3. Unless specifically authorized by section 60A.06, subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by section 60A.06, subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies. This subdivision does not apply to group policies.

Sec. 5. Minnesota Statutes 1985 Supplement, section 60A.10, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC COMPANIES.] (1) [DEPOSIT AS SECURITY FOR ALL POLICYHOLDERS REQUIRED.] No company in this state, other than farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, for the protection of both its resident and nonresident policyholders, securities to an amount, the actual market value of which, exclusive of interest, shall never be less than \$200,000 until July 1, 1986, \$300,000 until July 1, 1987, \$400,000 until July 1, 1988, and \$500,000 on and after July 1, 1988 or one-half the applicable financial requirement set forth in section 60A.07, whichever is less. The securities shall be retained under the control of the commissioner as long as any policies of the depositing company remain in force.

(2) [SECURITIES DEFINED.] For the purpose of this subdivision, the word "securities" means bonds or other obligations of, or bonds or other obligations insured or guaranteed by, the United States, any state of the United States, any municipality of this state, or any agency or instrumentality of the foregoing.

(3) [PROTECTION OF DEPOSIT FROM LEVY.] No judgment creditor or other claimant may levy upon any securities held on deposit with, or for the account of, the commissioner. Upon the entry of an order by a court of competent jurisdiction for the rehabilitation, liquidation or conservation of any depositing company as provided in chapter 60B, that company's deposit together with any accrued income thereon shall be transferred to the commissioner as rehabilitator, liquidator, or conservator.

Sec. 6. Minnesota Statutes 1984, section 60A.13, is amended by adding a subdivision to read:

Subd. 8. [ANNUAL REPORTS.] Each insurer licensed to write property and casualty insurance in this state, as a supplement to the annual statement required by this section, shall submit a report on a form furnished by the commissioner sepa-

rately showing its direct writings in Minnesota and in the United States on: liquor liability, product liability, medical malpractice, and any other line so designated by the commissioner on January 1 of each year.

The supplemental reports must include the following data for the previous year ending on the 31st day of December:

- (1) direct premiums written;*
- (2) direct premiums earned;*
- (3) net investment income, including net realized capital gains and losses, using appropriate estimates where necessary;*
- (4) incurred claims, developed as the sum, and with figures provided for, of the following:*
 - (a) dollar amount of claims closed with payment, plus*
 - (b) reserves for reported claims at the end of the current year, minus*
 - (c) reserves for reported claims at the end of the previous year, plus*
 - (d) reserves for incurred but not reported claims at the end of the current year, minus*
 - (e) reserves for incurred but not reported claims at the end of the previous year, plus*
 - (f) reserves for loss adjustment expense at the end of the current year, minus*
 - (g) reserves for loss adjustment expense at the end of the previous year;*
- (5) actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, general office expenses, taxes, licenses and fees, and all other expenses;*
- (6) net underwriting gain or loss; and*
- (7) net operation gain or loss, including net investment income.*

This report is due by the first of May of each year and the report due May 1, 1987 must cover the last six months of 1986. The commissioner shall annually compile and review all reports

submitted by insurers pursuant to this section. These filings must be published and made available to any interested insured or citizen.

Sec. 7. Minnesota Statutes 1984, section 60A.25, is amended to read:

60A.25 [INSOLVENT COMPANIES (, NOTIFICATION OF POLICYHOLDERS).]

Subdivision 1. [NOTIFICATION OF POLICYHOLDERS.] Whenever any foreign or domestic insurance company authorized to transact the business of insurance in Minnesota is adjudicated insolvent, or whenever its policies are declared null and void by court order, the commissioner of commerce shall ascertain the names and last known addresses of all Minnesota policyholders of said company, and shall notify all Minnesota policyholders within 30 days of such adjudication or court order. In the case of foreign insurers authorized to do business in this state, the commissioner of commerce may elect to notify all of the company's licensed agents in Minnesota with a directive that the agents notify all insureds of the company's insolvency or that its policies have been declared null and void.

Subd. 2. [REMITTANCE OF PREMIUMS.] Every agency contract written by an insurance company writing property and casualty insurance in Minnesota shall contain or be construed to contain the following provision: "Notwithstanding any other provision of this contract, the obligation of the agent to remit written premiums to the company shall be changed upon the commencement of any administrative or legal proceeding by any state against the carrier regarding its financial condition. After the commencement of the proceedings, the obligation of the agent to remit premiums shall be confined to the premiums earned before the commencement of the proceedings. The agent shall not owe or remit to the company or to the liquidator or receiver any premiums that are unearned as of the date of the commencement of the delinquency proceedings, and any unearned premiums in the possession of the agent on the date shall be returned promptly by the agent to the insured or, with the approval of the insured, be used to purchase new coverage for the insured with a different insurer."

Sec. 8. [60A.29] [NONPROFIT RISK INDEMNIFICATION TRUST ACT.]

Subdivision 1. [TITLE.] This section may be cited as the "nonprofit risk indemnification trust act."

Subd. 2. [PURPOSE.] The purpose of this section is to authorize the establishment of trust funds for the purpose of indemnifying nonprofit beneficiary organizations and their

officers, directors, and agents for financial loss due to the imposition of legal liability, and to regulate the operation of trust funds established under this section.

Subd. 3. [APPROVAL OF COMMISSIONER.] No trust fund with the purpose of indemnifying multiple nonprofit beneficiary organizations shall be established without the prior approval of the commissioner of the department of commerce. The commissioner shall withhold approval of any trust fund that fails to comply with the provisions and requirements of this section.

Subd. 4. [ELIGIBLE BENEFICIARIES.] No organization, corporation, agency, or program shall be a beneficiary of any trust fund established under this section unless it is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 30, 1985. No trust fund established under this section shall agree to indemnify the state of Minnesota, any political subdivision of the state, or any hospital licensed pursuant to section 144.55. No trust fund established under this section shall indemnify any beneficiary for loss or damage to property permanently located outside the boundaries of this state or for legal liabilities arising from operations or activities occurring outside this state, except where those operations or activities are of a nonroutine nature; provided, however, that this restriction shall not apply to a beneficiary which is incorporated under the laws of this state and has its principal office located in this state.

Subd. 5. [INELIGIBLE RISKS.] No trust fund established under this section shall indemnify any beneficiary for property loss, liabilities incurred under the workers' compensation act, or for benefits provided to employees pursuant to any medical, dental, life, or disability income protection plan.

Subd. 6. [BENEFIT SCHEDULES.] Every trust fund established under this section shall establish in its bylaws or plan of operation a schedule of benefits, to be approved by the commissioner, governing the indemnification of beneficiaries of the trust. The schedule of benefits shall include all conditions, limitations, and exclusions relevant to indemnification.

Subd. 7. [INDEMNIFICATION AGREEMENTS.] Every trust fund established under this section shall provide each of its beneficiaries with a written indemnification agreement specifying the rights and obligations of the trust fund and the beneficiary under the agreement. Each form of indemnification agreement shall be filed with and approved by the commissioner.

Subd. 8. [CONTRIBUTIONS.] The trust fund shall establish contributions required of beneficiaries necessary to fund

the operations of the fund. All contribution schedules shall be filed with and approved by the commissioner prior to use. Contributions must be based on sound actuarial principles and be adequate to fund the operation of the trust fund. Contributions may not be excessive, in relation to the benefits provided, or unfairly discriminatory.

Subd. 9. [MULTIPLE TRUST AGREEMENTS PROHIBITED.] No trust fund established under this section shall enter into an agreement with any other trust fund whereby the risks assumed by each are pooled or shared.

Subd. 10. [BOARD OF TRUSTEES.] Every trust fund established under this section shall be governed by a board of no fewer than five trustees. The initial trustees need not be appointed or elected by the beneficiaries of the trust fund. During the second year following the creation of an authorized trust fund, at least one-fourth of all its trustees in office shall have been elected or appointed by the beneficiaries. After the end of the second year following the creation of an authorized trust fund, a majority of all trustees in office shall have been elected or appointed by the beneficiaries. All trustees serving during the first two years following the creation of an authorized trust fund shall be elected or appointed for one-year terms. All trustees serving thereafter shall be elected or appointed for two-year terms, provided that the trustees may be elected or appointed for one-year terms to the extent necessary in order to create staggered terms. Any trustee may be removed at any time, with or without cause, by a majority vote of the beneficiaries. The board of trustees shall meet no fewer than four times each year.

Subd. 11. [TRUSTEES; COMPENSATION.] No trustee shall be paid a salary or receive other compensation for service as a trustee, except that the bylaws or plan of operation may provide for reimbursement for actual expenses incurred on behalf of the trust fund and for the payment of a reasonable per diem amount for attendance at meetings of the board.

Subd. 12. [BYLAWS; PLAN OF OPERATION.] The trustees of each trust fund authorized under this section shall cause to be adopted a set of bylaws or plan of operation which shall govern the operation of the trust fund. All bylaws or plans of operation or amendments to them are subject to prior approval by the commissioner. The commissioner shall adopt rules governing the content and approval of bylaws or plans of operation.

Subd. 13. [FINANCIAL STATEMENT; REPORT ON OPERATIONS.] Every trust fund authorized under this section shall, by June 1 of every year, file with the commissioner a financial statement for the previous year's operations. The financial statement must include the opinion of a certified public

accountant that the statement was prepared in conformity with generally accepted accounting principles. Also by June 1 of every year, every trust fund must file with the commissioner, on forms provided by the department, a report summarizing the trust fund's operations during the previous year.

Subd. 14. [FINANCIAL STANDARDS.] Every authorized trust fund shall have and maintain financial assets sufficient to satisfy all current and future financial obligations and responsibilities to beneficiaries. The commissioner shall adopt rules establishing minimum financial standards for authorized trust funds.

Subd. 15. [CONTRACTS; FEES.] Authorized trust funds may enter into contracts with risk management service providers, actuarial consultants, or other vendors as are necessary to ensure the effective and efficient operation of the trust fund. Fees paid to vendors for services provided must not be excessive.

Subd. 16. [REINSURANCE.] Authorized trust funds may insure or reinsure their obligations and liabilities with insurance companies authorized to do business in Minnesota, pursuant to section 60A.06, or with companies similarly authorized in any other state of the United States.

Subd. 17. [INTERBENEFICIARY CAUSE OF ACTION.] No beneficiary shall have any cause of action against any other beneficiary arising solely out of the insolvency or inability of the trust fund to meet its obligations.

Subd. 18. [EXAMINATION.] The commissioner may examine authorized trust funds to the same extent and with the same purpose as is provided, with respect to insurance companies, by section 60A.031.

Subd. 19. [SECURITY DEPOSIT.] As a condition of authorization, every trust fund shall deposit with the commissioner an acceptable security of a value equal to not less than \$500,000. In the event that a trust fund fails to honor the obligations assumed by it under trust agreements issued to its beneficiaries, use of the security deposit shall revert to the commissioner for the purposes of executing the trust fund's obligations to its beneficiaries. The commissioner shall adopt rules governing the amount of security required and the acceptable forms of security.

Subd. 20. [RULES.] The commissioner may adopt rules to enforce and administer the requirements of this section.

Subd. 21. [TRUST FUNDS NOT SUBJECT TO INSURANCE REGULATIONS.] Trust funds established under this section shall not be considered insurance companies or to be in

the business of insurance nor shall they be subject to regulation by the commissioner, except as provided for in this section.

Sec. 9. Minnesota Statutes 1984, section 62A.02, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] No such policy shall be issued, nor shall any application, rider, or endorsement be used in connection therewith, until the expiration of (30) 60 days after it has been so filed unless the commissioner shall sooner give his written approval thereto.

Sec. 10. Minnesota Statutes 1984, section 62A.02, subdivision 3, is amended to read:

Subd. 3. [DISAPPROVAL.] The commissioner shall, within (30) 60 days after the filing of any form, disapprove the form:

(1) if the benefits provided therein are unreasonable in relation to the premium charged;

(2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the policy; or

(3) If the proposed premium rate is excessive because the insurer has failed to exercise reasonable cost control.

For the purposes of clause (1), the commissioner shall establish by rule a schedule of minimum anticipated loss ratios which shall be based on (i) the type or types of coverage provided, (ii) whether the policy is for group or individual coverage, and (iii) the size of the group for group policies. Except for individual policies of disability or income protection insurance, the minimum anticipated loss ratio shall not be less than 50 percent after the first year that a policy is in force. All applicants for a policy shall be informed in writing at the time of application of the anticipated loss ratio of the policy. For the purposes of this subdivision, "anticipated loss ratio" means the ratio at the time of form filing or at the time of subsequent rate revision of the present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums. Nothing in this paragraph shall prohibit the commissioner from disapproving a form which meets the requirements of this paragraph but which the commissioner determines still provides benefits which are unreasonable in relation to the premium charged. (THE COMMISSIONER MAY UNTIL DECEMBER 31, 1978, EXERCISE EMERGENCY POWER FOR THE PURPOSE OF IMPLEMENTING THE MINIMUM ANTICIPATED LOSS RATIO REQUIREMENT, AND FOR THIS PURPOSE MAY ADOPT EMERGENCY RULES AS PROVIDED IN SECTIONS 14.29 TO 14.36. NOTWITHSTANDING THE EXPIRATION OF THE

COMMISSIONER'S EMERGENCY POWER, ANY EMERGENCY RULE ADOPTED BY HIM PRIOR TO THE EXPIRATION OF HIS EMERGENCY POWER MAY REMAIN EFFECTIVE FOR THE PERIODS AUTHORIZED IN SECTIONS 14.29 TO 14.36.)

If the commissioner notifies an insurer which has filed any form that the form does not comply with the provisions of this section or sections 62A.03 to 62A.05 and section 72A.20, it shall be unlawful thereafter for the insurer to issue the form or use it in connection with any policy. In the notice the commissioner shall specify the reasons for his disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.

Sec. 11. Minnesota Statutes 1984, section 62B.07, subdivision 2, is amended to read:

Subd. 2. The commissioner shall within (30) 60 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule or regulation promulgated thereunder. In order to determine whether the premium to be charged under a particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1), (2), (3) and (4), and any and all other factors and trends demonstrated to be relevant. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

Sec. 12. Minnesota Statutes 1984, section 62B.07, subdivision 3, is amended to read:

Subd. 3. If the commissioner notifies the insurer that the form is disapproved, it is unlawful thereafter for the insurer to issue or use it. In his notice, the commissioner shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after a request in writing by the insurer.

No policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used until the expiration of (30) 60 days after it has been filed, unless the commissioner gives his prior written approval thereto.

Sec. 13. Minnesota Statutes 1984, section 62C.14, subdivision 10, is amended to read:

Subd. 10. Except as otherwise provided in subdivision 9, all forms received by the commissioner shall be deemed filed (30) 60 days after received unless disapproved by order transmitted to the corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

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

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

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

Sec. 15. Minnesota Statutes 1984, section 62F.01, is amended to read:

62F.01 [CITATION (; EXPIRATION DATE).]

(SUBDIVISION 1.) Sections 62F.01 to 62F.14 may be cited as the "(TEMPORARY) Joint Underwriting Association Act."

(SUBD. 2. SECTIONS 62F.01 TO 62F.14 EXPIRE SEPTEMBER 1, 1988.)

Sec. 16. Minnesota Statutes 1984, section 62F.02, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created a (TEMPORARY) joint underwriting association to provide medical malpractice insurance coverage to any licensed health care provider unable to obtain this insurance through ordinary methods. Every insurer authorized to write and writing personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Sec. 17. Minnesota Statutes 1984, section 62F.03, subdivision 2, is amended to read:

Subd. 2. "Association" means the (TEMPORARY) joint underwriting association.

Sec. 18. Minnesota Statutes 1984, section 62F.04, is amended by adding a subdivision to read:

Subd. 1a. [REAUTHORIZATION.] The authorization to issue insurance is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods under the terms of subdivision 1. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance.

Sec. 19. Minnesota Statutes 1984, section 62G.16, subdivision 9, is amended to read:

Subd. 9. All forms received by the commissioner shall be deemed filed (30) 60 days after received unless disapproved by order transmitted to the legal service plan corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 20. [62I.01] [CITATION.]

Sections 20 to 41 may be cited as the Minnesota joint underwriting association act.

Sec. 21. [62I.02] [MINNESOTA JOINT UNDERWRITING ASSOCIATION.]

Subdivision 1. [CREATION.] The Minnesota joint underwriting association is created to provide insurance coverage to any person or entity unable to obtain insurance through ordinary methods if the insurance is required by statute, ordinance, or otherwise required by law, or is necessary to earn a livelihood or

conduct a business and serves a public purpose. Prudent business practice or mere desire to have insurance coverage is not a sufficient standard for the association to offer insurance coverage to a person or entity. The association shall be specifically authorized to provide insurance coverage to day care providers, foster parents, foster homes, developmental achievement centers, group homes, and sheltered workshops for mentally, emotionally, or physically handicapped persons, and citizen participation groups established pursuant to the housing and community redevelopment act of 1974, Public Law Number 93-383. Because the activities of certain persons or entities present a risk that is so great, the association shall not offer insurance coverage to any person or entity the board of directors of the association determines is outside the intended scope and purpose of the association because of the gravity of the risk of offering insurance coverage. The association shall not offer environmental impairment liability or product liability insurance, or coverage for activities that are conducted substantially outside the state of Minnesota unless the insurance is required by statute, ordinance, or otherwise required by law. Every insurer authorized to write property and casualty insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Subd. 2. [DIRECTOR.] The association shall have a board of directors composed of 11 persons chosen annually as follows: five persons elected by members of the association at a meeting called by the commissioner; three public members, as defined in section 214.02, appointed by the commissioner; and three members, appointed by the commissioner representing groups to whom coverage has been extended by the association. If at any time no coverage is currently extended by the association, then either additional public members may be appointed to fill these three positions or, at the option of the commissioner, representatives from groups who had previously been covered by the association may serve as directors.

Subd. 3. [REAUTHORIZATION.] The authorization to issue insurance to day care providers, foster parents, foster homes, developmental activity centers, group homes, and sheltered workshops for mentally, emotionally, or physically handicapped persons, and citizen participation groups established pursuant to the housing and community redevelopment act of 1974, Public Law Number 93-383, is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods pursuant to sections 40 and 41. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance. Insurance may not be offered pursuant to this section to persons or entities other than those listed in this subdivision after December 31, 1989.

Sec. 22. [62I.03] [DEFINITION.]

Subdivision 1. [SCOPE.] As used in sections 20 to 41 the following terms have the meanings given them in this section.

Subd. 2. [ASSOCIATION.] "Association" means the Minnesota joint underwriting association.

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

Subd. 4. [DIRECT WRITTEN PREMIUMS.] "Direct written premiums" means that amount at column (2), lines 5, 8, 9, 17, 21.2, 22, 23, 24, 25, 26, and 27, page 14, of the annual statement filed annually with the department of commerce pursuant to section 60A.13.

Subd. 5. [DEFICIT.] "Deficit" means, for a particular policy year and line or type of insurance, that amount by which total paid and outstanding losses and loss adjustment expenses exceed premium revenue, including retrospective premium revenue.

Sec. 23. [62I.04] [POLICY ISSUANCE.]

Any person or entity that is a resident of the state of Minnesota who has a current written notice of refusal to insure from an insurer licensed to offer insurance in the state of Minnesota may make written application to the association for coverage. The applicable premium or required portion of it must be paid prior to coverage by the association.

The application shall be filed simultaneously with the association and the market assistance plan for the association.

The association is authorized to (1) issue or cause to be issued insurance policies to applicants subject to limits specified in the plan of operation; (2) underwrite the insurance and adjust and pay losses with respect to it, or appoint service companies to perform those functions; (3) assume reinsurance from its members; and (4) cede reinsurance.

Sec. 24. [62I.05] [PLAN OF OPERATION.]

Within 45 days after the appointment of the directors of the association, the directors shall submit to the commissioner for review, a proposed plan of operation, consistent with the provisions of this chapter.

The plan of operation shall provide economic, fair, and non-discriminatory administration and for the prompt, efficient pro-

vision of insurance coverage of the types provided by section 20. It shall provide for an expedited review and determination by the board of any application for a type of coverage that has not been previously excluded or authorized. The action of the board on the application shall be an amendment to the plan of operation and the type of coverage shall thereafter be specified in the plan as either excluded or authorized. It may contain other provisions necessary for the operation of the association, including but not limited to preliminary assessment of all members for initial expenses necessary to commence operations, establishment of necessary facilities, management of the association, assessment of members to defray losses and expenses, commission arrangements, reasonable and objective underwriting standards, acceptance and cessation of reinsurance, appointment of servicing carriers or other servicing arrangements and procedures for determining amounts of insurance to be provided by the association.

The plan of operation is subject to approval by the commissioner. If the commissioner disapproves all or any part of the proposed plan of operation, the directors shall within 15 days submit for review an appropriate revised plan of operation. If a revised plan is not submitted within 15 days the commissioner shall promulgate a plan of operation. The plan of operation approved or promulgated by the commissioner is effective and operational upon the order of the commissioner.

Amendments to the plan of operation may be made by the directors of the association subject to approval by the commissioner.

Sec. 25. [62I.06] [POLICY FORMS; PREMIUM RATE.]

Subdivision 1. [REQUIREMENT.] The policies and contracts of coverage issued pursuant to this chapter shall contain the usual and customary provisions of similar insurance policies issued by private insurance companies. If a standard form is used in the private marketplace for any type of coverage that is to be extended by the association, then the association shall use that form. If there are varying types of forms used in the marketplace the association may choose to use a standard policy form issued by a service organization or other entity who commonly prepares standardized types of forms. If the board determines that neither of these alternatives is appropriate, then it shall adopt a policy form based upon the terms and conditions of the policies used for this type of coverage that are the most commonly used in the private market. As far as practical the board shall attempt to adopt forms that are consistent with the practice in the private market. No policy forms shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if the commissioner determines that it is misleading, it violates public policy, or for any reason that the commissioner would be empowered to reject a similar form filed by a private company.

Subd. 2. [CANCELLATION.] If the insured fails to pay a stabilization reserve fund charge the association may cancel the policy by mailing or delivering to the insured at the insured's address shown on the policy at least ten days written notice stating the date that the cancellation is effective.

Subd. 3. [RATES.] The rates, rating plan, rating rules, rating classification and territories applicable to insurance written by the association and related statistics are subject to chapter 70A. Rates shall be on an actuarially sound basis, giving consideration to the group retrospective rating plan. The commissioner shall take all appropriate steps to make available, upon request of the association, loss and expense experience of insurers previously writing or currently writing insurance of any type the association offers or intends to offer.

Subd. 4. [APPROVAL.] All policies issued by the association are subject to the group retrospective rating plan approved by the commissioner under which the final premium for the insureds of the association, as a group, will be equal to the administrative expenses, loss and loss adjustment expenses and taxes, plus a reasonable allowance for contingency and servicing. If the board of directors feels it is appropriate and in the interest of fairness and equity, the insureds of the association may be broken down into more than one group. The rating plan may provide for varying rates within the rating plan for such groups as their relative burden to the group as a whole would merit. Policyholders shall be given full credit for all investment income, net of expenses and reasonable management fee on policyholder supplied funds. The standard premium, before retrospective adjustment, for each policy issued by the association shall be established for portions of the policy period coinciding with the association's fiscal year on the basis of the association rates, rating plans, rating rules, rating classifications and territories then in effect. The maximum premium for all policyholders of the association as a group shall be limited as provided in sections 20 to 41.

Subd. 5. [EXAMINATIONS.] The commissioner shall examine the business of the association as often as is appropriate to insure that the group retrospective rating plan is operating in a manner consistent with this chapter or other Minnesota laws. If it is found that the operation is deficient or inconsistent with this chapter or other Minnesota laws the commissioner may order the association to take corrective action.

Subd. 6. [DEFICITS.] The association shall certify to the commissioner the estimated amount of any deficit remaining after the stabilization reserve fund has been exhausted and payment of the maximum final premium for all policyholders of the association. Within 60 days after the certification, the commissioner shall authorize the association to recover the members' respective shares of the deficit by assessing all members an

amount sufficient to fully fund the obligations of the association. The assessment of each member shall be determined in the manner provided in section 26. An assessment made pursuant to this section shall be deductible by the member from past or future premium taxes due the state.

Subd. 7. [AMENDMENTS TO RATING PLAN.] In addition to the usual manner of amending the rating plan set forth in this section and section 24, the following procedure may also be used:

(1) Any person may, by written petition served upon the commissioner of commerce request that a hearing be held to amend the rating plan, or any part of the rating plan.

(2) The commissioner shall forward a copy of the petition to the chief administrative law judge within three business days of its receipt. The chief administrative law judge shall, within three business days of receipt of the copy of the petition or a request for hearing by the commissioner, set a hearing date, assign an administrative law judge to hear the matter, and notify the commissioner of the hearing date and the administrative law judge assigned to hear the matter. The hearing date must be set not less than 60 days nor more than 90 days from the date of receipt of the petition by the commissioner or the date of the commissioner's request for hearing if the commissioner is the person requesting a hearing.

(3) The commissioner shall publish a notice of the hearing in the State Register at least 30 days before the hearing date. The notice should be similar to that used for rulemaking under the administrative procedure act. Approval of the notice by the administrative law judge is not required.

(4) The hearing and all matters which occur after the hearing are a contested case under chapter 14. Within 45 days from the commencement of the hearing and within 15 days of the completion of the hearing the administrative law judge shall submit a report to the commissioner of commerce. The parties, or the administrative law judge, if the parties cannot agree, shall adjust all time requirements under the contested case procedure to conform with the 45-day requirement.

(5) The commissioner shall render a decision within ten business days of the receipt of the administrative law judge's report.

(6) If all parties to the proceeding agree, any of the previous requirements may be waived or modified.

(7) A petition for a hearing to amend the rating plan or any part of the rating plan received by the commissioner within 180

days of the date of the commissioner's decision in a prior proceeding to amend the rating plan is invalid and requires no action provided the petition involves the same rates as the previous hearing. If the petition involves matters in addition to those dealt with in the previous hearing, then the additional matters shall be treated as a separate petition for hearing and a hearing may be held on those matters.

Sec. 26. [62I.07] [MEMBERSHIP ASSESSMENTS.]

Each member of the association shall participate in its losses and expenses in the proportion that the direct written premiums of the member bears to the total aggregate direct written premiums written in this state by all members. The members' participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported on the annual statements and other reports filed by the member with the commissioner.

Sec. 27. [62I.08] [APPLICATION PROCEDURE.]

A person or entity that has been denied coverage or is unable to find an insurer willing to write coverage is eligible to make an application to the association. The application shall be on a form approved by the board of directors. To show eligibility to participate in the association the applicant shall certify that the applicant has been unable to find anyone to offer the coverage sought by the applicant. No further proof shall be required of the applicant. The application shall be filed simultaneously with the association and the market assistance plan of the association.

Sec. 28. [62I.09] [MARKET ASSISTANCE PLAN.]

Subdivision 1. [CREATION.] A market assistance program committee consisting of 12 members is created. The 12 members shall be appointed by the commissioner of commerce. The commissioner's designated representative shall serve as an ex officio member. The commissioner shall appoint six members of the committee as representatives of insurers; two members who are insurance agents; two public members; and two members representative of groups to whom the association has issued coverage. If, at any time after appointment, a member of the committee, through change of employment or similar circumstances, is no longer representative of the group the member was appointed to represent, that member shall be deemed unable to continue to serve as a member of the committee and the commissioner shall appoint a replacement for the balance of that member's term.

Subd. 2. [TERMS AND VACANCIES.] In the event of a member's inability to continue to serve, the commissioner shall appoint a replacement. The committee shall elect a chair and vice chair from among the members. The term of each member is one

year commencing on June 1, except that the first members to be appointed to the committee shall serve from the date of their appointment until June 1 immediately following their appointment.

Subd. 3. [MEETINGS.] The committee shall convene upon the call of the commissioner, the chair or vice chair or at the request of one of the committee members. No quorum requirements are necessary.

Sec. 29. [62I.10] [DISPOSITION OF APPLICATION.]

Subdivision 1. [ACTION UPON APPLICATION.] Upon receipt of an application, the committee or persons the committee appoints or designates will immediately review the application to determine what assistance the committee can give. The assistance may include: (1) discussion with the applicant's most recent underwriter, if any, to determine if the applicant's coverage can be maintained with the most recent carrier; (2) discussion with other known available insurance markets to determine if any other carrier will accept the applicant; (3) negotiating extensions of coverage with the most recent carrier or a temporary carrier, if possible, to permit additional exploration of insurance markets or accumulation of essential underwriting data; and (4) referring the application to the first five participating insurers (participants) on the relevant list provided in subdivision 2. Subsequent applications will be sent to the next five participants on a rotating basis. If at any time there are less than ten participants on the master list then the master list will no longer be utilized.

Subd. 2. [LIST OF PARTICIPATING INSURERS.] A list of participants shall be prepared and updated at least every two years in the following manner: (1) the committee will secure a mailing list from the department of commerce of every licensed insurer admitted to do business as well as every eligible licensed surplus lines licensee; (2) the committee will mail to each admitted insurer and eligible surplus lines licensee an outline of the conditions of participation; (3) a master list of participants willing to take part in the market assistance program will be created from the responses to the initial mailing. The master list will be updated at least every two years pursuant to clauses (1) and (2). Order on the master list will be determined by random selection.

Subd. 3. [REFERRAL TO PARTICIPANTS.] Upon receipt of an application, the committee or the persons the committee appoints or designates may mail or telex copies of the application to the first five participants on the master list.

Subd. 4. [QUOTES.] Participants must quote on at least one out of every three applications submitted. Each participant will have the right to individually evaluate the risk the applicant poses and develop a price commensurate with that risk.

Subd. 5. [REFERRAL.] If no quote is received from the first five participants on the list, the next five participants on the list shall receive the application and the same procedure shall be followed until a quote is obtained or the list is exhausted. All participants may, if the committee feels it appropriate, be given the application at once.

Subd. 6. [RESPONSE FROM PARTICIPANT.] Participants may provide a quote on the same coverage basis they normally provide for similar coverage for that type of insurance in Minnesota. Participants will return their quotations or refusals to quote to the committee within ten days. The applicant or the applicant's agent, if any, will be notified of the quotations. The agent will then complete the placement of the insurance, if the applicant accepts coverage from the participant at the price quoted, without need for an agency appointment from that participant. The insurer is not required to pay the agent any commission, but the agent may negotiate a fee with the applicant prior to initial submission of the application.

Subd. 7. [LIMITATION ON REAPPLICATION.] An applicant provided a quotation in accordance with the above procedure will not be eligible to seek additional quotations from the market assistance plan or to obtain coverage from the association if the quotation received would not be deemed to be a notice of refusal for purposes of determining eligibility for participation in the association.

Subd. 8. [REVIEW BY THE COMMITTEE.] If the procedures in subdivisions 1 to 7 do not produce a quote, the application may be submitted to the committee. The committee after reviewing the application shall proceed as follows: (1) attempt to place the applicant with a single carrier; or (2) attempt to arrange coverage on a quota share basis with a number of carriers.

Subd. 9. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 30 business days before the expiration date of the applicant's current insurance coverage the market assistance program may continue to seek coverage for the applicant after coverage is extended by the association. The market assistance program will have 30 business days from the date of filing of the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 30 business days of filing of the application and if the offer of coverage would not otherwise be considered a refusal for purposes of the association, the applicant will be deemed to not be qualified to participate in the association and coverage, if any, shall be terminated. If the applicant accepts the coverage obtained by the market assistance plan, cov-

erage from the association will terminate when the new coverage begins.

Subd. 10. [NOTIFICATION OF FAILURE TO PLACE.] If the market assistance program does not produce a quote, it shall notify the submitting agent or the applicant at least 24 hours before the time the applicant's current insurance coverage terminates. A copy of the notification must be submitted to the commissioner and the association at the same time notice is made to the agent or applicant. Notwithstanding the foregoing, the market assistance program may continue to act pursuant to subdivision 9. Notice that the market assistance program is continuing to act pursuant to subdivision 9 shall be included in the notice required by this subdivision.

Sec. 30. [62I.11] [PROGRAM PARTICIPATION.]

Subdivision 1. [TERMINATION.] A participant may terminate its participation in the program at any time by providing written notice of the termination 90 days in advance of the effective date of the termination to the commissioner and to the committee.

Subd. 2. [NEW PARTICIPANTS.] New participants may join the program at any time by submitting a written request to the commissioner and to the committee.

Sec. 31. [62I.12] [ASSOCIATION ADMINISTRATION.]

Subdivision 1. [ADMINISTRATOR.] The association shall be administered by a qualified insurer or vendor of risk management services selected by the commissioner. If the commissioner deems it necessary, the commissioner may select more than one person to administer the association.

Subd. 2. [DUTIES.] The administrator shall perform all services necessary to accomplish the purposes of the association, including the servicing of policies or contracts of coverage, data management, and collection of assessments.

Subd. 3. [APPEALS.] Anyone adversely affected by the decision of the administrator may object to the decision by appealing to the commissioner within 15 days after the decision. The appeal must be made by letter mailed to the commissioner with a copy to the administrator within the 15-day period. The letter must include a summary of the administrator's decision from which the appeal is taken, the basis for the objection to the administrator's decision, and any argument or evidence in support of the appeal. Within 15 days after receipt of the letter, the administrator shall file a response, including the basis of the administrator's decision and all argument and evidence in support of the decision, with the commissioner. Within ten days

after receipt of the administrator's response, the commissioner shall either affirm, reverse, or modify the administrator's decision as the commissioner deems appropriate.

Sec. 32. [62I.13] [ACTION BY THE MINNESOTA JOINT UNDERWRITING ASSOCIATION UPON THE APPLICATION.]

Subdivision 1. [GENERALLY.] Eligibility for coverage by the association is subject to the terms and conditions of subdivisions 2 and 3.

Subd. 2. [MINIMUM OF QUALIFICATIONS.] Anyone who is unable to obtain insurance in the private market and who so certifies to the association in the application is eligible to make written application to the association for coverage. Payment of the applicable premium or required portion of it must be paid prior to coverage by the association. An offer of coverage at a rate in excess of the rate that would be charged by the association for similar coverage and risk shall be deemed to be a refusal of coverage for purposes of eligibility for participation in the association. It shall not be deemed to be a written notice of refusal if the rate for coverage offered is less than five percent in excess of the joint underwriting association rates for similar coverage and risk. However, the offered rate must also be the rate that the insurer has filed with the department of commerce if the insurer is required to file its rates with the department. If the insurer is not required to file its rates with the department, the offered rate must be the rate generally charged by the insurer for similar coverage and risk.

Subd. 3. [DISQUALIFYING FACTORS.] For good cause, coverage may be denied or terminated by the association. Good cause may exist if the applicant or insured: (1) has an outstanding debt due or owing to the association at the time of application or renewal arising from a prior policy; (2) refuses to permit completion of an audit requested by the commissioner or administrator; (3) submits misleading or erroneous information to the commissioner or administrator; (4) disregards safety standards, laws, rules or ordinance pertaining to the risk being insured; (5) fails to supply information requested by the commissioner or administrator; (6) fails to comply with the terms of the policies or contracts for coverage issued by the association; and (7) has not satisfied the requirements of the market assistance program as set forth in section 28.

Subd. 4. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 30 business days before the expiration of the applicant's current insurance coverage, the market assistance program may continue to seek coverage for the applicant after coverage is extended by the association. The market assistance program will have 30 business days from the date of filing

the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 30 business days of filing of the application and if the offer of coverage would not otherwise be considered refusal for purposes of the association, the applicant will be deemed to be not qualified to participate in the association plan and coverage, if any, shall be terminated.

Subd. 5. [NOTICE.] An application for coverage under the association must be granted or denied within ten days after receipt by the administrator of a properly completed application and any supplemental information requested by the administrator. Anyone covered by the association must be given at least 30 days notice of nonrenewal or cancellation of coverage.

Sec. 33. [62I.14] [ASSESSMENTS.]

In the event the commissioner deems it necessary to make an assessment, an assessed insurer must pay the assessment within 30 days of receipt of notice of the assessment. The commissioner may suspend or revoke an insurer's certificate of authority and impose a civil penalty in an amount not to exceed \$5,000 for an insurer's failure to pay the assessment within the 30 day period.

Sec. 34. [62I.15] [EXTENSION OF COVERAGE.]

If the association determines that the applicant meets the underwriting standards of the association as described in the plan of operation and there is no unpaid, uncontested premium due from the application for prior insurance, including failure to make written objections to premium charges within 30 days after billing, or if there is no other allowable reason as set forth in this chapter for denial of coverage, the association upon receipt of the premium or portion of it as described in the plan of operation shall issue a policy of insurance to the applicant.

Sec. 35. [62I.16] [STABILIZATION RESERVE FUND.]

Subdivision 1. [CREATION.] There is created a stabilization reserve fund. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.

Subd. 2. [PAYMENT.] The association shall promptly pay into the stabilization reserve fund all fund charges it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.

Subd. 3. [SUPERVISION.] All money paid into the fund shall be held in trust by the corporate trustee selected by the board of directors. The corporate trustee may invest the money held in trust subject to the approval of the board. All investment income shall be credited to the fund. All expenses of the administration of the fund shall be charged against the fund. The money held in trust shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders and any retrospective premium refunds payable to policyholders under the group retrospective rating plan. Payment of retrospective premium charges shall be made upon certification of the amount due. If all money accruing to the fund is exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any stabilization reserve fund charges from a particular policy year and line or type of insurance not used to pay retrospective premiums must be returned to policyholders after all claims and expense obligations from that particular policy year and line or type of insurance are satisfied.

Subd. 4. [EXEMPTION.] The board of directors may, upon their own motion or upon application of any applicant or insured, exempt any group from the payment of the stabilization reserve charge. The exemption shall be granted only to those groups who are unable to obtain insurance coverage in the private market as a result of the private market's refusal to write coverage for that group rather than because of loss experiences or risks posed by the applicant or insured as an individual. It shall be presumed that a group is qualified for this exemption if more than 20 percent of the members of that group are unable to obtain the insurance coverage that they seek. The board of directors shall also consider granting exemption if any members of the same group are unable to obtain coverage in the private market even though no claims have been made against them or payments made on their behalf by any insurer within the last three years.

Subd. 5. [SURCHARGE.] In addition to determining the basic rate for coverages to be offered by the joint underwriting association, the association shall also develop a surcharge plan or similar method for adjusting the rate to be charged to those persons who have had claims made against them. The surcharge plan shall take into effect the risk posed to the association by the applicant or the insured. The surcharge plan shall be sufficient to provide for the sound financial operation of the plan based upon commonly agreed upon actuarial principles.

Sec. 36. [62L.17] [IMMUNITY FROM LIABILITY.]

No cause of action of any nature shall arise against the association, the commissioner or the commissioner's authorized

representatives, or any other person or organization, for any statements made in good faith by them during any proceedings or concerning any matters within the scope of this chapter.

Sec. 37. [62I.18] [RIGHT OF APPEAL.]

Any applicant to the association, any person insured pursuant to this chapter or their representatives, any affected insurer, or any person who has applied for coverage pursuant to this chapter may appeal to the commissioner within 30 days after any ruling, action, or decision by or on behalf of the association with respect to those items that the plan of operation defines as appealable matters.

Sec. 38. [62I.19] [ANNUAL STATEMENTS.]

On March 1 of each year the association shall file with the commissioner a report of its transactions, financial conditions, and operations during the preceding year. The report shall be on a form approved by the commissioner. The commissioner may at any time require the association to furnish additional information to assist in evaluating the scope, operation, and experience of the association.

Sec. 39. [62I.20] [MERGER OF OTHER PLANS.]

Upon application by the governing body of the liquor liability assigned risk plan authorized by section 340A.409 or the joint underwriting association authorized by chapter 62F to be merged with the association, the commissioner shall, if the commissioner deems it appropriate, hold a public hearing in regard to the merger. The commissioner upon motion or upon the motion of any insured under plans shall hold a hearing. Unless it can be shown that the rights of the insured would be adversely affected by the merger or that it would be less efficient or more costly to merge the plans, the commissioner shall consent to the merger. The commissioner shall also consent to the merger at any time there are less than ten insureds in any plan.

Sec. 40. [62I.21] [ACTIVATION OF MARKET ASSISTANCE PLAN AND JOINT UNDERWRITING ASSOCIATION.]

At any time the commissioner of commerce deems it necessary to provide assistance with respect to the placement of general liability insurance coverage on Minnesota risks for a class of business, the commissioner shall by notice in the state register activate the market assistance plan and the joint underwriting association. The plan and association are activated for a period of 180 days from publication of the notice. At the same time the notice is published, the commissioner shall prepare a written petition requesting that a hearing be held to determine whether

activation of the market assistance plan and the joint underwriting association is necessary beyond the 180-day period. The hearing must be held in accordance with section 41. The commissioner by order shall deactivate a market assistance program and the joint underwriting association at any time the commissioner finds that the market assistance program and the joint underwriting association are not necessary.

Sec. 41. [62I.22] [HEARING.]

Subdivision 1. [ADMINISTRATIVE LAW JUDGE.] The commissioner shall forward a copy of the petition to activate the market assistance plan and the joint underwriting association with respect to a class of business to the chief administrative law judge. The chief administrative law judge shall, within three business days of receipt of the copy of the petition, set a hearing date, assign an administrative law judge to hear the matter, and notify the commissioner of the hearing date and the administrative law judge assigned to hear the matter. The hearing date must be no less than 60 days nor more than 90 days from the date of receipt of the petition by the chief administrative law judge.

Subd. 2. [NOTICE.] The commissioner of commerce shall publish notice of the hearing in the State Register at least 30 days before the hearing date. The notice should be that used for rulemaking under chapter 14. Approval by the administrative law judge of the notice prior to publication is not required.

Subd. 3. [CONTESTED CASE; REPORT.] The hearing and all matters after the hearing are a contested case under chapter 14. Within 45 days from the commencement of the hearing and within 15 days of the completion of the hearing the administrative law judge shall submit a report to the commissioner of commerce. The parties, or the administrative law judge, if the parties cannot agree, shall adjust all time requirements under the contested case procedure to conform with the 45-day requirement.

Subd. 4. [DECISION.] The commissioner shall make a decision within ten days of the receipt of the administrative law judge's report.

Subd. 5. [WAIVER OR MODIFICATION.] If all parties to the proceeding agree, any of the requirements of this section may be waived or modified.

Sec. 42. Minnesota Statutes 1984, section 65A.32, is amended to read:

65A.32 [PURPOSES.]

The purposes of sections 65A.31 to 65A.43 are :

(1) To encourage stability in the property *and liability* insurance market for property located in (URBAN AREAS OF) this state;

(2) To encourage maximum use, in obtaining (BASIC) property *and liability* insurance, as defined in sections 65A.31 to 65A.43, of the normal insurance market provided by the private property *and casualty* insurance industry;

(3) To encourage the improvement of the condition of properties located in (URBAN AREAS OF) this state and to further orderly community development generally;

(4) To provide for the formulation and administration by an industry placement facility of a plan assuring fair access to insurance requirements (FAIR Plan) in order that no property shall be denied (BASIC) property *or liability* insurance through the normal insurance market provided by the private property *and casualty* insurance industry except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics;

(5) To publicize the purposes and procedures of the FAIR Plan to the end that no one may fail to seek its assistance through ignorance thereof;

(6) To provide for the formulation and administration by the industry placement facility of a reinsurance arrangement whereby property *and casualty* insurers shall share equitably the responsibility for insuring insurable property for which (BASIC) property *and liability* insurance cannot be obtained through the normal insurance markets; and

(7) To provide a framework for participation by the state in a sharing of insured losses resulting from riots and other civil disorders occurring in this state as required by section 1223 of the Housing and Urban Development Act of 1968 (Public Law 90-448, Ninetieth Congress, August 1, 1968).

Sec. 43. Minnesota Statutes 1984, section 65A.33, is amended to read:

65A.33 [DEFINITIONS.]

Subdivision 1. As used in sections 65A.31 to 65A.43, unless the context otherwise requires, the terms defined in this section have the following meaning given to them.

Subd. 2. "Insurer" means any insurance company or other organization licensed to write and engaged in writing property

or liability insurance business, including the property *or liability* insurance components of multi-peril policies, on a direct basis, in this state, except where such insurer is specifically exempted by statute from participation in this program.

Subd. 3. "(BASIC) Property *or liability* insurance" means the coverage against direct loss to real or tangible personal property at a fixed location that is provided in the standard fire policy, extended coverage endorsement, *homeowners insurance*, as defined in section 65A.27, subdivision 4, *cooperative housing insurance*, *condominium insurance*, builders risk, and such vandalism and malicious mischief insurance and such other classes of insurance as may be added to the program with respect to said property by amendment as hereinafter provided. (BASIC) Property *or liability* insurance does not include automobile, farm, *commercial liability*, or such manufacturing risks as may be excluded by the commissioner.

Subd. 4. "Industry placement facility," hereinafter referred to as the facility, means the organization formed by insurers to assist applicants (IN URBAN AREAS) in securing (BASIC) property *or liability* insurance and to administer the FAIR Plan and the joint reinsurance association.

Subd. 5. "Inspection bureau" means the (FIRE INSURANCE) rating organization designated by the facility with the approval of the commissioner to make inspections as required under this program and to perform such other duties as may be authorized by the facility.

Subd. 6. ("URBAN AREA" INCLUDES ANY MUNICIPALITY OR OTHER POLITICAL SUBDIVISION, SUBJECT TO POPULATION OR OTHER LIMITATIONS DEFINED IN RULES AND REGULATIONS OF THE SECRETARY AND SUCH ADDITIONAL AREAS AS MAY BE DESIGNATED BY THE COMMISSIONER.)

(SUBD. 7.) "Premiums written" means gross direct premiums, excluding that portion of premium on risks ceded to the joint reinsurance association, charged during the second preceding calendar year with respect to property in this state on all policies of (BASIC) property *or liability* insurance and the (BASIC) property *or liability* insurance premium components of all multi-peril policies, as computed by the facility, less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits.

Subd. (8) 7. "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. (9) 8. "Secretary" means the secretary of the United States department of housing and urban development.

(SUBD. 10. "SERVICING INSURER" MEANS AN INSURER DESIGNATED BY THE GOVERNING COMMITTEE TO ISSUE POLICIES ON BEHALF OF THE INDUSTRY PLACEMENT FACILITY.)

Sec. 44. Minnesota Statutes 1984, section 65A.34, subdivision 1, is amended to read:

65A.34 [FAIR PLAN; INSPECTIONS AND REPORTS.]

Subdivision 1. Any person having an insurable interest in real or tangible personal property (AT A FIXED LOCATION IN AN URBAN AREA) shall be entitled upon oral or written application therefor to the facility to a prompt inspection of the property by the inspection bureau without cost.

Sec. 45. Minnesota Statutes 1984, section 65A.35, subdivision 1, is amended to read:

65A.35 [FAIR PLAN BUSINESS; DISTRIBUTION AND PLACEMENT.]

Subdivision 1. [MEMBERSHIP.] Each insurer which is authorized to write and is engaged in writing within this state, on a direct basis, (BASIC) property or liability insurance or any component thereof contained in a multi-peril policy, including homeowners and commercial multi-peril policies, shall participate in the industry placement facility, as hereinafter described, as a condition of its authority to write such kinds of insurance within this state.

Sec. 46. Minnesota Statutes 1984, section 65A.35, subdivision 2, is amended to read:

Subd. 2. [PURPOSES.] The purposes of the facility shall be twofold, as more fully set forth in this section:

(1) To formulate and administer, subject to the approval of the commissioner, a plan assuring fair access to insurance requirements in order that no property (IN URBAN AREAS) shall be denied (BASIC) property or liability insurance through the normal insurance market provided by the private property and casualty insurance industry, except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics; and

(2) To formulate and administer, subject to the approval of the commissioner, a reinsurance arrangement whereby the members of the facility shall share equitably the responsibility for insuring property (IN URBAN AREAS) which is insurable

but for which (BASIC) property *or liability* insurance cannot be obtained through normal insurance markets.

Sec. 47. Minnesota Statutes 1984, section 65A.37, is amended to read:

65A.37 [STANDARD POLICY COVERAGE.]

All policies (ISSUED), *except homeowners policies*, shall be (FOR BASIC PROPERTY INSURANCE) on standard policy forms at rates published by (THE INSPECTION BUREAU) Insurance Services Office and shall be issued for a term of one year. *All homeowners, cooperative housing insurance, and condominium insurance policies must be on forms published by Insurance Services Office and approved by the commissioner.*

Sec. 48. Minnesota Statutes 1984, section 65B.13, is amended to read:

65B.13 [AUTOMOBILE INSURANCE, DISCRIMINATION IN AUTOMOBILE POLICIES FORBIDDEN.]

No insurance company, or its agent, shall refuse to issue any standard *or preferred* policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

- (a) between persons of the same class, or
- (b) on account of race, or
- (c) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person;
 - (1) is licensed by the department of public safety to operate a motor vehicle in this state, and
 - (2) operates only vehicles which are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person, *or*
- (d) *on account of marital dissolution.*

Every company or agent violating any of the foregoing provisions shall be fined not more than \$100 per violation, and every officer, agent, or solicitor violating the same shall be guilty of a misdemeanor. The commissioner of commerce is authorized to treat violations of this section as an unfair insurance practice and to enforce this section using the procedures, remedies, and penalties provided in sections 72A.17 to 72A.32.

Sec. 49. [65B.1311] [COVERAGE FOR FORMER SPOUSE.]

Subdivision 1. [NEW POLICY ISSUED.] If the former spouse of a named insured under a policy of private passenger vehicle insurance applies within 60 days of entry of a valid decree of dissolution of the marriage and the former spouse was an insured driver under the policy for at least 12 months prior to entry of the decree, the insurer must issue a policy, upon payment of the appropriate premium, to the former spouse only on the basis of the driving record applicable to the former spouse and any person who is to be an insured, as defined in section 65B.43, under the policy to be issued, provided the person or persons to be insured meets the insurer's eligibility standards.

Subd. 2. [NAMED INSURED.] A named insured under a policy of private passenger vehicle insurance shall have the premium determined at the first and any subsequent renewals of the policy after entry of a valid decree of dissolution of the marriage of the named insured only on the basis of the driving record applicable to the named insured and any person who is to be an insured, as defined in section 65B.43, under the policy to be renewed.

Sec. 50. Minnesota Statutes 1984, section 65B.47, subdivision 1, is amended to read:

Subdivision 1. In case of injury to the driver or other occupant of a motor vehicle other than a commuter van, or other than a vehicle being used to transport children to school or to a school sponsored activity or other bus while it is in operation within the state of Minnesota as to any Minnesota resident who is an insured as defined in section 65B.43, subdivision 5, if the accident causing the injury occurs while the vehicle is being used in the business of transporting persons or property, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured.

Sec. 51. Minnesota Statutes 1984, section 70A.04, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS; MARKET TEST.] (a) Rates are presumed not to be excessive if a reasonable degree of price competition exists at the consumer level with respect to the class of business to which they apply. In determining whether a reasonable degree of price competition exists, the commissioner shall consider all relevant tests (, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:)

(1. THE NUMBER OF INSURERS ACTIVELY ENGAGED IN THE CLASS OF BUSINESS.)

(2. THE NATURE OF RATE DIFFERENTIALS IN THAT CLASS OF BUSINESS.)

(3. WHETHER LONG RUN PROFITABILITY FOR INSURERS GENERALLY OF THE CLASS OF BUSINESS IS UNREASONABLY HIGH IN RELATION TO ITS RISKINESS).

In addition to any other manner of determining whether a reasonable degree of price competition exists with respect to any class of insurance, it is presumed that a reasonable degree of competition does not exist if less than five insurers write more than 75 percent of the direct written premiums.

(b) If such competition does not exist, rates are excessive if they are likely to produce a long-run profit that is unreasonably high in relation to the riskiness of the class of business, or if expenses are unreasonably high in relation to the services rendered.

In determining whether an excessive rate is being charged by an individual insurer for a class of insurance where a reasonable degree of competition does not exist, the commissioner shall determine whether the rate charged produces a rate of return that is not in excess of a reasonable rate of return. To determine what is a reasonable rate of return, the riskiness of the class of insurance, the profitability of the insurer in that class of business, and other relevant factors shall be considered.

Sec. 52. Minnesota Statutes 1984, section 70A.06, subdivision 1, is amended to read:

Subdivision 1. Every licensed insurer and every rate service organization licensed under section 70A.14 shall (FURNISH) file with the commissioner all rates and all changes and amendments of rates made by it for use in this state not later than their effective date. No rates contained in a filing shall become effective unless they have been filed with the commissioner. In any filing, the commissioner may require the insurer or rate service organization to file supporting data and explanatory data which shall include:

(1) the experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;

(2) its interpretation of any statistical data relied upon;

(3) descriptions of the actuarial and statistical methods employed; and

(4) any other matters deemed relevant by the commissioner or the filer.

Notwithstanding the foregoing, if the supporting data is not filed within 30 days after so requested by the commissioner, the rate is no longer effective and is presumed to be an excessive rate.

Sec. 53. Minnesota Statutes 1984, section 70A.06, subdivision 2, is amended to read:

Subd. 2. No policy form shall be delivered or issued for delivery unless it has been filed with the commissioner and either (i) he has approved it or (ii) (30) 60 days have elapsed and he has not disapproved it as misleading or violative of public policy, which period may be extended by the commissioner for an additional period not to exceed (30) 60 days.

Sec. 54. Minnesota Statutes 1984, section 70A.08, is amended by adding a subdivision to read:

Subd. 3. Until January 1, 1988, the commissioner may restrict approval on claims-made policies to forms filed by a rate service organization which have been approved.

Sec. 55. Minnesota Statutes 1984, section 70A.10, is amended to read:

70A.10 [DELAYED EFFECT OF RATES.]

Subdivision 1. [(RULE) ORDER INSTITUTING DELAYED EFFECT.] If the commissioner finds, after a hearing, that competition is not an effective regulator of the rates charged or that a substantial number of companies are competing irresponsibly through the rates charged, or that there are widespread violations of this chapter, in any kind or line of insurance or subdivision thereof or in any rating class or rating territory, he may issue (A RULE) *an order* requiring that in the kind or line of insurance or subdivision thereof or rating class or rating territory comprehended by the finding any subsequent changes in the rates or supplementary rate information be filed with him at least (30) 60 days before they become effective. He may extend the waiting period for not to exceed (15) 30 additional days by written notice to the filer before the (30) 60 day period expires.

Subd. 2. [SUPPORTING DATA.] In the (RULE) *order* issued under subdivision 1 or in any supplementary (RULE) *order*, the commissioner may require the filing of supporting data as to any or all kinds or lines of insurance or subdivisions thereof or classes of risks or combinations thereof as he deems necessary for the proper functioning of the rate monitoring and regulating process. The supporting data shall include:

(a) The experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;

- (b) Its interpretation of any statistical data relied upon;
- (c) Descriptions of the actuarial and statistical methods employed; and
- (d) Any other matters deemed relevant by the commissioner or the filer.

Subd. 3. [EXPIRATION OF (REGULATION) ORDER.] (A REGULATION) *An order issued under subdivision 1 shall expire no more than (ONE YEAR) two years after issue. (THE COMMISSIONER MAY RENEW IT AFTER A HEARING AND APPROPRIATE FINDINGS AS PROVIDED UNDER SUBDIVISION 1.)*

Subd. 4. [SUPPORTING INFORMATION.] Whenever a filing is not accompanied by such information as the commissioner has required under subdivision 2, he may so inform the insurer and the filing shall be deemed to be made when the information is furnished.

Sec. 56. Minnesota Statutes 1984, section 70A.11, is amended to read:

70A.11 [DISAPPROVAL OF RATES.]

Subdivision 1. [ORDER (IN EVENT OF VIOLATION) AFTER HEARING.] If the commissioner finds after a (HEARING) *contested case proceeding under chapter 14* that a rate is not in compliance with section 70A.04, he shall order that its use is to be discontinued (ON A DATE NOT LESS THAN 30 DAYS AFTER THE ORDER) *and shall order the excess premium plus interest at the rate specified in section 549.09 to be refunded to the policyholder. The amount of the refund, plus interest, must be computed from the commencement date of the contested case hearing on the rate. Interest must be computed as simple interest per annum.*

Subd. 2. [TIMING OF ORDER.] The order under subdivision 1 shall be issued within (30) 60 days after the close of the hearing or within such reasonable time extension as the commissioner may fix.

Subd. 3. [APPROVAL OF SUBSTITUTED RATE.] No rate replacing a disapproved rate may be used until it has been filed with the commissioner and not disapproved within (30) 60 days thereafter, except that the rate disapproved under subdivision 1, with the consent of the commissioner, or the last previous rate in effect for the insurer may be used for a period of not more than three months pending the approval of a substituted rate. The

commissioner's order may include provision for a premium adjustment in a rate charged pending approval of a substituted rate.

Sec. 57. Minnesota Statutes 1984, section 72A.13, subdivision 1, is amended to read:

Subdivision 1. Any company, corporation, association, society, or other insurer, or any officer or agent thereof, which or who solicits, issues or delivers to any person in this state any policy in violation of the provisions of sections 4 or 62A.01 to 62A.10, may be punished by a fine of not more than \$100 for each offense, and the commissioner may revoke the license of any company, corporation, association, society, or other insurer of another state or country, or of the agent thereof, which or who wilfully violates any provision of sections 4 or 62A.01 to 62A.10.

Sec. 58. [60A.29] [RENEWAL OF INSURANCE POLICY WITH ALTERED RATES.]

If an insurance company licensed to do business in this state offers or purports to offer to renew any commercial liability and/or property insurance policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date of the policy if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata upon the prior rate. This subdivision does not apply to ocean marine insurance, accident and health insurance, and reinsurance.

Sec. 59. [60A.30] [MID-TERM CANCELLATION.]

In addition to the requirements of Minnesota Statutes 1984, section 176.185, subdivision 1, no policy of insurance issued to cover the liability to pay compensation under Minnesota Statutes 1984, chapter 176, shall be canceled by the insurer within the policy period unless the insurer has also complied with the requirements of such rules as the commissioner of commerce may adopt in regard to the cancellation of commercial liability and/or commercial property insurance policies.

Sec. 60. [145.682] [CERTIFICATION OF EXPERT REVIEW; AFFIDAVIT.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons*

or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

Subd. 2. [REQUIREMENT.] In an action alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider which includes a cause of action as to which expert testimony is necessary to establish a prima facie case, the plaintiff must: (1) unless otherwise provided in subdivision 3, paragraph (b), serve upon defendant with the summons and complaint an affidavit as provided in subdivision 3; and (2) serve upon defendant within 180 days after commencement of the suit an affidavit as provided by subdivision 4.

Subd. 3. [AFFIDAVIT OF EXPERT REVIEW.] The affidavit required by subdivision 2, clause (1), must be by the plaintiff's attorney and state that:

(a) the facts of the case have been reviewed by the plaintiff's attorney with an expert whose qualifications provide a reasonable expectation that the expert's opinions could be admissible at trial and that, in the opinion of this expert, one or more defendants deviated from the applicable standard of care and by that action caused injury to the plaintiff; or

(b) the expert review required by paragraph (a) could not reasonably be obtained before the action was commenced because of the applicable statute of limitations. If an affidavit is executed pursuant to this paragraph, the affidavit in paragraph (a) must be served on defendant or the defendant's counsel within 90 days after service of the summons and complaint.

Subd. 4. [IDENTIFICATION OF EXPERTS TO BE CALLED.] The affidavit required by subdivision 2, clause (2), must be by the plaintiff's attorney and state the identity of each person whom plaintiff expects to call as an expert witness at trial to testify with respect to the issues of malpractice or causation, the substance of the facts and opinions to which the expert is expected to testify, and a summary of the grounds for each opinion. Answers to interrogatories that state the information required by this subdivision satisfy the requirements of this subdivision if they are signed by the plaintiff's attorney and served upon the defendant within 180 days after commencement of the suit against the defendant.

The parties or the court for good cause shown, may by agreement, provide for extensions of the time limits specified in subdivision 2, 3, or this subdivision. Nothing in this subdivision may be construed to prevent either party from calling additional expert witnesses or substituting other expert witnesses.

Subd. 5. [RESPONSIBILITIES OF PLAINTIFF AS ATTORNEY.] *If the plaintiff is acting pro se, the plaintiff shall sign the affidavit or answers to interrogatories referred to in this section and is bound by those provisions as if represented by an attorney.*

Subd. 6. [PENALTY FOR NONCOMPLIANCE.] *Failure to comply with subdivision 2, clause (1), within 60 days after demand for the affidavit results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.*

Failure to comply with subdivision 2, clause (2), and subdivision 4 results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.

Subd. 7. [CONSEQUENCES OF SIGNING AFFIDAVIT.] *The signature of the plaintiff or the plaintiff's attorney constitutes a certification that the person has read the affidavit or answers to interrogatories, and that to the best of the person's knowledge, information, and belief formed after a reasonable inquiry, it is true, accurate, and made in good faith. A certification made in violation of this subdivision subjects the attorney or plaintiff responsible for such conduct to reasonable attorney's fees, costs, and disbursements.*

Sec. 61. Minnesota Statutes 1984, section 245.814, is amended to read:

245.814 [LIABILITY INSURANCE FOR (FOSTER PARENTS) LICENSED PROVIDERS.]

Subdivision 1. [INSURANCE FOR FOSTER PARENTS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:

(1) injuries or property damage caused or sustained by foster children in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused in-

tentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

Subd. 2. [LIABILITY INSURANCE; RISK POOL.] If the commissioner determines that appropriate commercial liability insurance coverage is not available for a licensed foster home, group home, developmental achievement center, or day care provider, and that coverage available through the joint underwriting authority of the commissioner of commerce or other public entity is not appropriate for the provider or a class of providers, the commissioner of human services and the commissioner of commerce may jointly establish a risk pool to provide coverage for licensed providers out of premiums or fees paid by providers. The commissioners may set limits on coverage, establish premiums or fees, determine the proportionate share of each provider to be collected in a premium or fee based on the provider's claim experience and other factors the commissioners consider appropriate, establish eligibility and application requirements for coverage, and take other action necessary to accomplish the purposes of this subdivision. A human services risk pool fund is created for the purposes of this subdivision. Fees and premiums collected from providers for risk pool coverage are appropriated to the risk pool fund. Interest earned from the investment of money in the fund must be credited to the fund and money in the fund is appropriated to the commissioner of human services to pay administrative costs and covered claims for participating providers. In the event that money in the fund is insufficient to pay outstanding claims and associated administrative costs, the commissioner of human services may assess providers participating in the risk pool amounts sufficient to pay the costs. The commissioner of human services may not assess a provider an amount exceeding one year's premiums collected from that provider.

Sec. 62. [317.201] [UNPAID DIRECTORS OR TRUSTEES; LIABILITY FOR DAMAGES.]

A director or trustee of a nonprofit corporation or association who is not paid for services to the corporation or association is not individually liable for damages occasioned solely by reason of membership on or participation in board activities.

Sec. 63. Minnesota Statutes 1984, section 398A.04, subdivision 6, is amended to read:

Subd. 6. [INSURANCE AND INDEMNITY.] (a) The authority shall be subject to tort liability to the extent provided in chapter 466 and may procure insurance against the liability, and may indemnify and purchase and maintain insurance on behalf of any of its commissioners, officers, employees, or agents, in connection with any threatened, pending, or completed action, suit, or proceeding, as provided in chapter 466, and to the same

extent and in the same manner and with the same force and effect as provided in the case of a private corporation by section (300.082) 300.083. It may also procure insurance against loss of or damage to property in the amounts, by reason of the risks, and from the insurers as it deems prudent.

(b) A railroad leasing its tracks and right-of-way to a railroad authority that is created under this chapter and affiliated with a railroad museum is subject to tort liability only to the extent provided for municipalities in chapter 466 as to any claims arising out of fare-paying passenger operations carried on by the railroad authority primarily for the purpose of promoting tourism on tracks and right-of-way leased from the railroad.

Sec. 64. Minnesota Statutes 1984, section 466.01, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPALITY.] For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, special district, school district, however organized, county agricultural society organized pursuant to chapter 38, joint powers board or organization created under section 471.59 or other statute, public library, regional public library system, multicounty multitype library system, or other political subdivision.

Sec. 65. Minnesota Statutes 1984, section 466.03, subdivision 4, is amended to read:

Subd. 4. [ACCUMULATIONS OF SNOW AND ICE.] Any claim based on snow or ice conditions on any highway (OR OTHER PUBLIC PLACE) or public sidewalk that does not abut a publicly-owned building or publicly-owned parking lot, except when the condition is affirmatively caused by the negligent acts of the municipality.

Sec. 66. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 6d. [PARKS AND RECREATION AREAS.] Any claim based upon the construction, operation, or maintenance of any property owned or leased by the municipality that is intended or permitted to be used as a park, as an open area for recreational purposes, or for the provision of recreational services, or from any claim based on the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, if the claim arises from a loss incurred by a user of park and recreation property or services. Nothing in this subdivision limits the liability of a municipality for conduct that would entitle a trespasser to damages against a private person.

Sec. 67. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 8. Any claim for a loss other than injury to or loss of property or personal injury or death.

Sec. 68. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 9. Any claim for a loss of benefits or compensation due under a program of public assistance or public welfare, except where municipal compensation for loss is expressly required by federal law in order for the municipality to receive federal grants-in-aid.

Sec. 69. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 10. Any claim for a loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the municipality or its agents.

Sec. 70. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 11. Any claim for a loss based on the usual care and treatment, or lack of care and treatment, of any person at a municipal hospital or corrections facility where reasonable use of available funds has been made to provide care.

Sec. 71. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 12. Any claim for a loss, damage, or destruction of property of a patient or inmate of a municipal institution.

Sec. 72. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 13. Any claim for a loss caused by the condition of unimproved real property owned by a municipality, which means land that the municipality has not improved, and appurtenances, fixtures and attachments to land that the municipality has neither affixed nor improved.

Sec. 73. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 14. Any claim for a loss for which recovery is prohibited by section 169.121, subdivision 9.

Sec. 74. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

Subd. 15. Any claim against a municipality, if the same claim would be excluded under section 3.736, if brought against the state.

Sec. 75. Minnesota Statutes 1984, section 466.05, is amended to read:

466.05 [NOTICE OF CLAIM.]

Subdivision 1. [NOTICE REQUIRED.] Except as provided in subdivisions 2 and 3, every person, *whether plaintiff, defendant or third party plaintiff or defendant*, who claims damages from any municipality or municipal employee acting within the scope of employment for or on account of any loss or injury within the scope of section 466.02 shall cause to be presented to the governing body of the municipality within 180 days after the alleged loss or injury is discovered a notice stating the time, place and circumstances thereof, *the names of the municipal employees known to be involved*, and the amount of compensation or other relief demanded. Actual notice of sufficient facts to reasonably put the governing body of the municipality or its insurer on notice of a possible claim shall be construed to comply with the notice requirements of this section. Failure to state the amount of compensation or other relief demanded does not invalidate the notice; but in such case, the claimant shall furnish full information regarding the nature and extent of the injuries and damages within 15 days after demand by the municipality. (NO ACTION THEREFOR SHALL BE MAINTAINED UNLESS SUCH NOTICE HAS BEEN GIVEN AND UNLESS THE ACTION IS COMMENCED WITHIN ONE YEAR AFTER SUCH NOTICE.) The time for giving such notice does not include the time, (NOT EXCEEDING 90 DAYS,) during which the person injured is incapacitated by the injury from giving the notice.

(SUBD. 2. [EXCEPTIONS TO THE NOTICE REQUIREMENT.] NOTICE SHALL NOT BE REQUIRED TO MAINTAIN AN ACTION FOR DAMAGES FOR OR ON ACCOUNT OF ANY LOSS OR INJURY WITHIN THE SCOPE OF SECTION 466.02 IF SUCH INJURY OR LOSS:)

((A) ARISES OUT OF AN INTENTIONAL TORT COMMITTED BY AN OFFICER, EMPLOYEE OR AGENT OF THE MUNICIPALITY; OR)

((B) INVOLVES A MOTOR VEHICLE OR OTHER EQUIPMENT OWNED BY THE MUNICIPALITY OR OPERATED BY AN OFFICER, EMPLOYEE OR AGENT OF THE MUNICIPALITY.)

(WHERE NO NOTICE OF CLAIM IS REQUIRED UNDER THIS CHAPTER, NO ACTION SHALL BE MAINTAINED UNLESS THE ACTION IS COMMENCED WITHIN TWO YEARS AFTER THE DATE OF THE INCIDENT, ACCIDENT OR TRANSACTION OUT OF WHICH THE CAUSE OF ACTION ARISES.)

Subd. (3) 2. [CLAIMS FOR WRONGFUL DEATH; NOTICE.] When the claim is one for death by wrongful act or omission, the notice may be presented by the personal representative, surviving spouse, or next of kin, or the consular officer of the foreign country of which the deceased was a citizen, within one year after the alleged injury or loss resulting in such death; if the person for whose death the claim is made has presented a notice that would have been sufficient had he lived an action for wrongful death may be brought without any additional notice.

Sec. 76. Minnesota Statutes 1984, section 466.07, is amended by adding a subdivision to read:

Subd. 4. [PUNITIVE DAMAGES.] A municipality may not save harmless, indemnify or insure an officer or employee for punitive damages levied against the officer or employer. The municipality may provide a defense against a claim for punitive damages as a necessary incident to other elements of a defense.

Sec. 77. [466.101] [LAW ENFORCEMENT COSTS.]

When costs are assessed against a municipality for injuries incurred or other medical expenses connected with the arrest of individuals violating Minnesota Statutes, the municipality responsible for the hiring, firing, training, and control of the law enforcement and other employees involved in the arrest is responsible for those costs.

Sec. 78. Minnesota Statutes 1984, section 471.982, subdivision 3, is amended to read:

Subd. 3. Self-insurance pools established and open for enrollment on a statewide basis by the Minnesota league of cities insurance trust, the Minnesota school boards association insurance trust or the Minnesota association of counties insurance trust and the political subdivisions that belong to them are exempt from the requirements of this section and section 65B.48, subdivision 3.

Sec. 79. Minnesota Statutes 1984, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) *Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of*

action accrued or arising anytime during the period of limitation, shall suspend the running of the period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:

- (1) That the plaintiff is within the age of 18 years;
- (2) His insanity;
- (3) His imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than his natural life;
- (4) Is an alien and the subject or citizen of a country at war with the United States;
- (5) When the beginning of the action is stayed by injunction or by statutory prohibition.

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

(b) In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a), clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than seven years, or for more than one year after the disability ceases.

For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

Sec. 80. [548.36] [COLLATERAL SOURCE CALCULATIONS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "collateral sources" means payments related to the injury or disability in question made to the plaintiff, or on the plaintiff's behalf up to the date of the verdict, by or pursuant to:

- (1) a federal, state, or local income disability or workers' compensation act; or other public program providing medical expenses, disability payments, or similar benefits;*
- (2) health, accident and sickness, or automobile accident insurance or liability insurance that provides health benefits or income disability coverage; except life insurance benefits avail-*

able to the plaintiff, whether purchased by the plaintiff or provided by others, payments made pursuant to the United States Social Security Act, or pension payments;

(3) a contract or agreement of a group, organization, partnership, or corporation to provide, pay for, or reimburse the costs of hospital, medical, dental or other health care services; or

(4) a contractual or voluntary wage continuation plan provided by employers or any other system intended to provide wages during a period of disability, except benefits received from a private disability insurance policy where the premiums were wholly paid for by the plaintiff.

Subd. 2. [MOTION.] In a civil action, whether based on contract or tort, when liability is admitted or is determined by the trier of fact, and when damages include an award to compensate the plaintiff for losses available to the date of the verdict by collateral sources, a party may file a motion within ten days of the date of entry of the verdict requesting determination of collateral sources. If the motion is filed, the parties shall submit written evidence of, and the court shall determine:

(1) amounts of collateral sources that have been paid for the benefit of the plaintiff or are otherwise available to the plaintiff as a result of losses except those for which a subrogation right has been asserted; and

(2) amounts that have been paid, contributed, or forfeited by, or on behalf of, the plaintiff or members of the plaintiff's immediate family for the two-year period immediately before the accrual of the action to secure the right to a collateral source benefit that the plaintiff is receiving as a result of losses.

Subd. 3. [DUTIES OF THE COURT.] (a) The court shall reduce the award by the amounts determined under subdivision 2, clause (1), and offset any reduction in the award by the amounts determined under subdivision 2, clause (2).

(b) If the court cannot determine the amounts specified in paragraph (a) from the written evidence submitted, the court may within ten days request additional written evidence or schedule a conference with the parties to obtain further evidence.

Subd. 4. [CALCULATION OF ATTORNEYS' FEES.] If the fees for legal services provided to the plaintiff are based on a percentage of the amount of money awarded to the plaintiff, the percentage must be based on the amount of the award as adjusted under subdivision 3. Any subrogated provider of a collateral source not separately represented by counsel shall pay the same percentage of attorneys' fees as paid by the plaintiff and shall pay its proportionate share of the costs.

Subd. 5. [JURY NOT INFORMED OF COLLATERAL SOURCES.] The jury shall not be informed of the existence of collateral sources or any future benefits which may or may not be payable to the plaintiff.

Sec. 81. Minnesota Statutes 1984, section 549.09, subdivision 1, is amended to read:

Subdivision 1. [WHEN OWED; RATE.] (a) When the judgment is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict or report until judgment is finally entered shall be computed by the clerk as provided in clause (c) and added to the judgment. (b) Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest on pecuniary damages shall be computed as provided in clause (c) from the time of the commencement of the action, *or the time of a written settlement demand, whichever occurs first, except as provided herein. The action must be commenced within 60 days of a written settlement demand for interest to begin to accrue from the time of the demand.* If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counter-offer within 60 days. After that time interest on the judgment shall be calculated by the judge in the following manner. The prevailing party shall receive interest on any judgment from the time the action was commenced *or a written settlement demand was made*, or as to special damages from the time when special damages were incurred, if later (THAN COMMENCEMENT OF THE ACTION), until the time of verdict or report only if the amount of its offer is closer to the judgment than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment, whichever is less, and only from the time the action was commenced *or a written settlement demand was made*, or as to special damages from when the special damages were incurred, if later (THAN COMMENCEMENT OF THE ACTION), until the time the settlement offer was made. *Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (3), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact.* Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments, decrees, or orders in dissolution, annulment, or legal separation actions;

(3) judgments for future damages;

(4) punitive damages, fines, or other damages that are non-compensatory in nature;

((4)) (5) judgments not in excess of the amount specified in section 487.30; and

((5)) (6) that portion of any verdict or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court. (c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the secondary market yield on one year United States treasury bills for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year; provided, however, that in no event shall the rate of interest be less than eight percent per annum. *The state court administrator shall also determine the average rate of interest on judgments to be used during the succeeding calendar year for computation of the discount rate under section 86, subdivision 4.* The state court administrator shall communicate the interest (RATE) rates to the clerks of court for (THEIR) use in computing the interest on verdicts *and the discount rate under section 86.*

Sec. 82. [549.191] [CLAIM FOR PUNITIVE DAMAGES.]

Upon commencement of a civil action, the complaint must not seek punitive damages. After filing the suit a party may make a motion to amend the pleadings to claim punitive damages. The motion must allege the applicable legal basis under section 549.20 or other law for awarding punitive damages in the action and must be accompanied by one or more affidavits showing the factual basis for the claim. At the hearing on the motion, if the court finds prima facie evidence in support of the motion, the court shall grant the moving party permission to amend the pleadings to claim punitive damages. For purposes of tolling the statute of limitations, pleadings amended under this section relate back to the time the action was commenced.

Sec. 83. Minnesota Statutes 1984, section 549.21, is amended to read:

549.21 [REIMBURSEMENT FOR CERTAIN COSTS IN CIVIL ACTIONS.]

Subdivision 1. [ACKNOWLEDGEMENT IN PLEADINGS.] The parties by their attorneys in any civil action shall attach to and make a part of the pleading served on the opposite party or parties a signed acknowledgement stating that the parties acknowledge that costs, disbursements, and reasonable attorney and witness fees may be awarded to the opposing party or parties pursuant to subdivision 2.

Subd. 2. [AWARD OF COSTS.] Upon motion of a party, or upon the court's own motion, the court in its discretion may award to that party costs, disbursements, reasonable attorney fees and witness fees if the party or attorney against whom costs, disbursements, reasonable attorney and witness fees are charged acted in bad faith; asserted a claim or defense (KNOWING IT TO BE) that is frivolous and that is costly to the other party; asserted an unfounded position solely to delay the ordinary course of the proceedings or to harass; or committed a fraud upon the court. (TO QUALIFY FOR AN AWARD UNDER THIS SECTION, A PARTY SHALL GIVE TIMELY NOTICE OF INTENT TO CLAIM AN AWARD.) An award under this section shall be without prejudice and as an alternative to any claim for sanctions that may be asserted under the rules of civil procedure. Nothing herein shall authorize the award of costs, disbursements or fees against a party or attorney advancing a claim or defense unwarranted under existing law, if it is supported by a good faith argument for an extension, modification, or reversal of the existing law.

Sec. 84. Minnesota Statutes 1984, section 595.02, is amended by adding a subdivision to read:

Subd. 4. [WAIVER OF PRIVILEGE FOR HEALTH CARE PROVIDERS.] A party who commences an action for malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider on the person's own behalf or in a representative capacity, waives in that action any privilege existing under subdivision 1, paragraphs (d) and (g), as to any information or opinion in the possession of a health care provider who has examined or cared for the party or other person whose health or medical condition has been placed in controversy in the action. This waiver must permit all parties to the action, and their attorneys or authorized representatives, to informally discuss the information or opinion with the health care provider if the provider consents. Prior to an informal discussion with a health care provider, the defendant must mail written notice to the other party at least 15 days before the discussion. The plaintiff's attorney or authorized representative must have the opportunity to be present at any informal discussion. Appropriate medical authorizations permitting discussion must be provided by the party commencing the action upon request from any other party.

A health care provider may refuse to consent to the discussion but, in that event, the party seeking the information

or opinion may take the deposition of the health care provider with respect to that information and opinion, without obtaining a prior court order.

For purposes of this subdivision, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

Sec. 85. Minnesota Statutes 1984, section 604.02, subdivision 1, is amended to read:

Subdivision 1. When two or more persons are jointly liable, contributions to awards shall be in proportion to the percentage of fault attributable to each, except that each is jointly and severally liable for the whole award. *If the state or a municipality as defined in section 466.01 is jointly liable, and its fault is less than 35 percent, it is jointly and severally liable for an amount no greater than twice the amount of fault.*

Sec. 86. [604.07] [DISCOUNT, FUTURE DAMAGE AWARDS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.

(b) "Economic loss" means all pecuniary harm for which damages are recoverable, including, but not limited to, medical expenses, loss of earnings, and loss of earning capacity.

(c) "Future damages" means all damages which the trier of fact finds will accrue after the damage findings are made.

(d) "Intangible loss" means embarrassment, emotional distress, and loss of consortium.

(d) "Noneconomic loss" means pain, disability, and disfigurement.

(e) "Past damages" means all damages that have accrued when the damage findings are made.

Subd. 2. [DISCOUNT REQUIRED.] *In all actions seeking damages for personal injury, wrongful death, or loss of means of support, awards of all future damages, including economic, noneconomic and intangible loss, reasonably certain to occur must be discounted to present value as provided in this section.*

Subd. 3. [FUTURE DAMAGES; EVIDENCE.] *The amount of all future damages, including economic, noneconomic and*

intangible loss reasonably certain to occur, must be ascertained at the time of trial without reference to projected inflationary or noninflationary changes. Evidence of noninflationary changes in earnings or earning capacity that are reasonably certain to occur are admissible, but this evidence is limited to the present value of the future changes without regard to inflationary changes. Projected increases in earnings or earning capacity dependent upon general economic statistics are not admissible.

Subd. 4. [DISCOUNT RATE.] The award calculated under subdivision 3 must be reduced to present value at the time of trial by application of a discount rate equal to:

(1) the average rate of interest on judgments under section 549.09 for the five calendar years immediately preceding the commencement of trial, rounded to the nearest one-tenth, less

(2) the average increase in the Consumer Price Index for all Urban Consumers, all items, as published by the U.S. Department of Labor, Bureau of Labor Statistics, rounded to the nearest one-tenth, for the same five-year period. If the Labor Department statistics are not published by the time of trial, the court shall employ the average increase over the most recent five-year period available in the published statistics.

In no instance may the discount rate fall below two percent or rise above six percent.

Sec. 87. Minnesota Statutes 1985 Supplement, section 62B.05, is amended to read:

62B.05 [TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE.]

The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to the indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in that event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of the insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor.

If an indebtedness is prepaid in full before its scheduled maturity, except by performance of the insurer's obligation under

the policy, the insurance shall be deemed canceled and a refund shall be paid or credited as provided in section 62B.08. *Upon prepayment in full, the creditor shall make the refund of unearned premium, unless the credit insurance was originated by a third party, in which case the creditor shall promptly notify the third party who shall make the refund.*

Sec. 88. [549.23] [INTANGIBLE LOSSES; LIMITATIONS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "intangible loss" means embarrassment, emotional distress, and loss of consortium. Intangible loss does not include pain, disability or disfigurement.

Subd. 2. [LIMITATION.] In civil actions, whether based on contract or tort, the amount of damages per person for intangible losses may not exceed \$400,000.

Subd. 3. [JURY NOT INFORMED OF LIMITATION.] The court may not inform the jury of the existence of the limitation in subdivision 2.

Subd. 4. [NOT NEW ACTION.] This section does not create a new cause of action for intangible loss.

Sec. 89. [549.24] [SPECIFIC DAMAGE FINDINGS BY JURY.]

The court shall require the jury to specify amounts for past damages and future damages as defined in section 86. Within each category of damages, the jury must further specify amounts for intangible loss as defined in section 88.

Sec. 90. [466.13] [INDEMNIFICATION BY STATE.]

Municipalities, when performing, as required or mandated by state law, inspections or investigations of persons prior to the issuance of state licenses, are employees of the state for purposes of the indemnification provisions of section 3.736, subdivision 9. A municipality is not, however, an employee of the state for purposes of this section if in hiring, supervising, or continuing to employ the person performing an inspection or investigation for the municipality, the municipality was clearly negligent.

Sec. 91. Minnesota Statutes 1984, section 465.72, is amended to read:

465.72 [SEVERANCE PAY.]

Subdivision 1. [PAYMENT; LIMITS.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, any

county, city, township, school district or other governmental subdivision may pay severance pay to its employees and promulgate rules for the payment of severance pay to an employee who leaves employment on or before or subsequent to the normal retirement date. Severance pay shall also include the payment of accumulated vacation leave, accumulated sick leave or a combination thereof. The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits. It shall be paid in a manner mutually agreeable to the employee and employer and, except as provided in subdivision 2, over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. Except as provided in subdivision 2, in no event shall severance pay provided for an employee leaving employment exceed an amount equivalent to one year of pay.

Subd. 2. [EXCEPTIONS.] The provisions of subdivision 1 requiring that severance pay be paid over a period not to exceed five years from retirement or termination of employment and limiting severance pay to an amount equal to one year of pay do not apply to severance pay constituting compensation for accumulated sick leave in the form of periodic contributions toward premiums for group insurance policies provided for a former employee by a governmental subdivision.

This subdivision applies only to periodic contributions that have commenced before the effective date of this act or that are required under contracts, or, with respect to employees not covered by contracts, personnel policies, formally adopted by the governing body of the governmental subdivision, in existence on the effective date of this act. After the effective date of this act, a governmental subdivision may not enter into a contract or adopt a personnel policy providing for a payment in violation of subdivision 1. A personnel policy or portion of a personnel policy in existence on the effective date of this act and providing for a payment in violation of subdivision 1 is null and void (i) upon the expiration of a collective bargaining agreement containing a similar provision and covering employees of the governmental subdivision that has adopted the policy, or (ii) two years from the effective date of this act, whichever is earlier. Any payments by governmental subdivisions in accordance with this subdivision before the effective date of this act are validated.

Sec. 92. Minnesota Statutes 1984, section 541.051, is amended to read:

541.051 [LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.]

Subdivision 1. Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for

any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, nor any action for contribution or indemnity for damages sustained on account of the injury, shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery thereof, nor, in any event shall such a cause of action accrue more than (15) *ten* years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or his representative can occupy or use the improvement for the intended purpose.

Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of an action which accrues during the (14TH) *ninth* or (15TH) *tenth* year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the action accrued, but in no event may an action be brought more than (17) *twelve* years after substantial completion of the construction.

Subd. 3. Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. This section shall not apply to actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, provided such actions shall be brought within two years of the discovery of the breach.

Sec. 93. [541.052] [LIMITATION OF ACTIONS FOR DAMAGES BASED ON ERRORS IN LAND SURVEYS.]

Subdivision 1. Except where fraud is involved, no action to recover damages for an error in the survey of land, nor any action for contribution or indemnity for damages sustained on account of an error, may be brought against any person performing the survey more than two years after the discovery of the error, nor in any event more than ten years after the date of the survey.

Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of action which occurs during the ninth or tenth year after the date of the survey, an action to recover damages may

be brought within two years after the date on which the action occurred, but in no event may an action be brought more than twelve years after the date of the survey.

Sec. 94. [REPEALER.]

Minnesota Statutes 1984, section 70A.06, subdivision 4, is repealed.

Sec. 95. [EFFECTIVE DATES.]

Sections 2, 63 to 77, and 90 are effective July 1, 1986, and apply to claims arising from incidents that occur on or after that date.

Sections 60, 79, 82, and 83 apply to all actions commenced on or after the effective date of those sections. Sections 80, 84, 85, 86, 88, and 89 apply to actions pending on or commenced on or after the effective date of those sections.

Sections 3 to 59, 61, 62, 78, and 94 are effective the day following final enactment. Section 79 is effective January 1, 1987."

Delete the title and insert:

"A bill for an act relating to insurance; providing for government immunity; requiring certain annual reports of property and casualty insurers; prohibiting certain tying arrangements; providing for remitting of certain premiums; providing deposit requirements for domestic companies; extending certain filing, approval, and disapproval dates; creating a joint underwriting association; requiring participation by insurers; broadening fair plan coverage; regulating rates, forms and cancellations; regulating medical malpractice insurance to health care providers who are unable to obtain the coverage in the voluntary market; regulating malpractice actions against health care providers; providing certification of expert review and the waiver of privilege by health care providers; requiring disclosure of experts; revising the statute of limitations for medical malpractice claims by minors; regulating claims for punitive damages; changing the collateral source rule; providing for discount of future damages; regulating civil actions; limiting intangible loss; amending Minnesota Statutes 1984, sections 60A.06, by adding a subdivision; 60A.13, by adding a subdivision; 60A.25; 62A.02, subdivisions 2 and 3; 62B.07, subdivisions 2 and 3; 62C.14, subdivision 10; 62E.14, by adding a subdivision; 62F.01; 62F.02, subdivision 1; 62F.03, subdivision 2; 62F.04, by adding a subdivision; 65A.-32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 65B.13; 65B.47, subdivision 1; 70A.04, subdivision 2; 70A.06, subdivisions 1 and 2; 70A.08, by adding a subdivision;

70A.10; 70A.11; 72A.13, subdivision 1; 245.814; 398A.04, subdivision 6; 465.72; 466.01, subdivision 1; 466.03, subdivision 4, and by adding subdivisions; 466.05; 466.07, by adding a subdivision; 471.982, subdivision 3; 541.051; 541.15; 549.09, subdivision 1; 549.21; 595.02, by adding a subdivision; 604.02, subdivision 1, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 3.736, subdivisions 1 and 3; 60A.10, subdivision 1; and 62B.05; proposing coding for new law in Minnesota Statutes, chapters 16B; 60A; 65B; 145; 317; 466; 541; 548; 549; and 604; proposing coding for new law as Minnesota Statutes, chapter 62I; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4."

A roll call was requested and properly seconded.

Heap moved to amend the Rice amendment to S. F. No. 2078, as amended, as follows:

Page 15, delete everything after line 1 to page 34, line 3

Delete sections 16 to 41

Renumber the sections

Correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Rees moved that S. F. No. 2078, as amended, be continued on Special Orders.

A roll call was requested and properly seconded.

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

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

There were 40 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Becklin	Erickson	Johnson	Pauly	Sviggum
Bennett	Frederick	Kiffmeyer	Piepho	Thorson
Boerboom	Frederickson	Knickerbocker	Poppenhagen	Uphus
Burger	Frerichs	Kvam	Quist	Valan
Carlson, J.	Gutknecht	Levi	Rees	Valento
Clausnitzer	Haukoos	McDonald	Rose	Waltman
Dempsey	Himle	McKasy	Schreiber	Zafike
Dimler	Jacobs	Onnen	Seaberg	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Greenfield	McPherson	Peterson	Sparby
Anderson, R.	Gruenes	Metzen	Piper	Stanius
Battaglia	Hartinger	Miller	Price	Staten
Beard	Hartle	Minne	Quinn	Thiede
Begich	Heap	Munger	Rest	Tjornhom
Blatz	Jaros	Murphy	Rice	Tomlinson
Brandl	Jennings, L.	Nelson, D.	Richter	Tompkins
Brinkman	Kahn	Nelson, K.	Riveness	Tunheim
Brown	Kalis	Neuenschwander	Rodosovich	Vanasek
Carlson, L.	Kelly	Norton	Sarna	Vellenga
Clark	Knuth	O'Connor	Schafer	Voss
Cohen	Kostohryz	Ogren	Scheid	Welle
DenOuden	Krueger	Olsen, S.	Schoenfeld	Wenzel
Dyke	Lieder	Olson, E.	Segal	Wynia
Elioff	Long	Omman	Shaver	
Ellingson	Marsh	Osthoff	Simoneau	
Fjoslien	McEachern	Otis	Skoglund	
Forsythe	McLaughlin	Pappas	Solberg	

The motion did not prevail.

The question recurred on the Heap amendment to the Rice amendment to S. F. No. 2078, as amended, and the roll was called.

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

There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Kiffmeyer	Ozment	Swiggum
Backlund	Forsythe	Knickerbocker	Pauly	Thiede
Becklin	Frederick	Kvam	Piepho	Thorson
Bennett	Frederickson	Levi	Poppenhagen	Tjornhom
Boerboom	Frerichs	Marsh	Quist	Tompkins
Boo	Gruenes	McDonald	Redalen	Uphus
Burger	Hartinger	McKasv	Rees	Valan
Carlson, J.	Hartle	McPherson	Richter	Valento
Clausnitzer	Haukoos	Miller	Schafer	Waltman
Dempsey	Heap	Olsen, S.	Seaberg	Zaffke
DenOuden	Himle	Omman	Shaver	Spk. Jennings, D.
Dimler	Johnson	Onnen	Stanius	

Those who voted in the negative were:

Anderson, G.	Cohen	Kalis	Munger	Pappas
Battaglia	Elioff	Kelly	Murphy	Peterson
Beard	Ellingson	Knuth	Nelson, D.	Piper
Begich	Erickson	Kostohryz	Nelson, K.	Price
Bishop	Fjoslien	Krueger	Neuenschwander	Quinn
Blatz	Greenfield	Lieder	Norton	Rest
Brandl	Halberg	Long	O'Connor	Rice
Brinkman	Jacobs	McEachern	Ogren	Riveness
Brown	Jaros	McLaughlin	Olson, E.	Rodosovich
Carlson, L.	Jennings, L.	Metzen	Osthoff	Scheid
Clark	Kahn	Minne	Otis	Schoenfeld

Schreiber
Segal
Simoneau

Skoglund
Solberg
Sparby

Staten
Tomlinson
Tunheim

Vanasek
Vellenga
Voss

Welle
Wenzel
Wynia

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

Rees moved that S. F. No. 2078, as amended, be continued on Special Orders.

A roll call was requested and properly seconded.

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

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

There were 58 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Backlund	Erickson	Kvam	Quist	Sviggunn
Becklin	Fjoslien	Levi	Redalen	Thiede
Bennett	Forsythe	Marsh	Rees	Thorson
Boerboom	Frederick	McDonald	Rest	Tompkins
Boo	Frederickson	McKasy	Richter	Uphus
Burger	Hartinger	Miller	Rose	Valan
Carlson, J.	Hartle	Olsen, S.	Schafer	Valento
Clausnitzer	Haukoos	Onnen	Schreiber	Waltman
Dempsey	Heap	Ozment	Seaberg	Zaffke
DenOuden	Himle	Pauly	Shaver	Spk. Jennings, D.
Dimler	Johnson	Piepho	Sherman	
Dyke	Knickerbocker	Poppenhagen	Stanius	

Those who voted in the negative were:

Anderson, G.	Frerichs	McLaughlin	Otis	Solberg
Anderson, R.	Greenfield	McPherson	Pappas	Sparby
Battaglia	Gruenes	Metzen	Peterson	Staten
Beard	Halberg	Minne	Piper	Tjornhom
Begich	Jaros	Munger	Price	Tomlinson
Bishop	Jennings, L.	Murphy	Quinn	Tunheim
Blatz	Kahn	Nelson, D.	Rice	Vanasek
Brandl	Kalis	Nelson, K.	Riveness	Vellenga
Brinkman	Kiffmeyer	Neuenschwander	Rodosovich	Voss
Brown	Knuth	Norton	Sarna	Welle
Carlson, L.	Kostohryz	O'Connor	Scheid	Wenzel
Clark	Krueger	Ogren	Schoenfeld	Wynia
Cohen	Lieder	Olson, E.	Segal	
Elioff	Long	Omman	Simoneau	
Ellingson	McEachern	Osthoff	Skoglund	

The motion did not prevail.

Poppenhagen moved to amend the Rice amendment to S. F. No. 2078, as amended, as follows:

Page 62, line 12, insert "*non-economic or*" before "*intangible*" delete "\$400,000" and insert "\$500,000"

A roll call was requested and properly seconded.

The question was taken on the Poppenhagen amendment to the Rice amendment and the roll was called.

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

There were 44 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Becklin	Frederick	Levi	Poppenhagen	Sviggum
Bennett	Frederickson	Marsh	Quist	Thiede
Blatz	Frerichs	McPherson	Redalen	Tjornhom
Boerboom	Gutknecht	Miller	Rees	Valan
Carlson, J.	Hartinger	Olsen, S.	Richter	Valento
Clausnitzer	Haukoos	Onnen	Schafer	Waltman
Dempsey	Heap	Ozment	Schreiber	Zaffke
Dyke	Kiffmeyer	Pauly	Seaberg	Spk. Jennings, D.
Forsythe	Kvam	Piepho	Stanis	

Those who voted in the negative were:

Anderson, G.	Ellingson	Lieder	Otis	Simoneau
Anderson, R.	Erickson	Long	Pappas	Skoglund
Backlund	Fjoslien	McEachern	Peterson	Solberg
Battaglia	Greenfield	McLaughlin	Piper	Sparby
Beard	Gruenes	Metzen	Price	Staten
Begich	Halberg	Minne	Quinn	Thorson
Bishop	Hartle	Munger	Rest	Tomlinson
Boo	Jacobs	Murphy	Rice	Tompkins
Brandl	Jaros	Nelson, D.	Riveness	Tunheim
Brinkman	Jennings, L.	Nelson, K.	Rodosovich	Uphus
Brown	Johnson	Neuenschwander	Rose	Vanasek
Burger	Kahn	Norton	Sarna	Vellenga
Carlson, L.	Kalis	O'Connor	Scheid	Voss
Clark	Kelly	Ogren	Schoenfeld	Welle
Cohen	Knuth	Olson, E.	Segal	Wenzel
Dimler	Kostohryz	Omann	Shaver	Wynia
Elioff	Krueger	Osthoff	Sherman	

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

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

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

There were 116 yeas and 15 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Carlson, J.	Jacobs	Miller	Rees	Valan
DenOuden	Kiffmeyer	Piepho	Richter	Zaffke
Frederick	Kvam	Quist	Thiede	Spk. Jennings, D.

The motion prevailed and the amendment was adopted.

Rees moved that his name be stricken as chief author and that Halberg be shown as chief author on H. F. No. 2268. 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 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 124 yeas and 9 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Carlson, J.	Kvam	Poppenhagen	Rees	Spk. Jennings, D.
Jacobs	Piepho	Quist	Zaffke	

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

Norton moved that the House recess until 11:00 a.m., Tuesday, March 18, 1986. The Speaker ruled the Norton motion out of order.

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from 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. 1863, A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing

protection for crime victims against adverse employer actions; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 611A.

The Senate has appointed as such Committee Messrs. Freeman, Merriam and Novak.

Said House File is herewith returned to the House.

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. 1991, A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; and 473.303, subdivisions 2 and 4a; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

The Senate has appointed as such Committee Messrs. Moe, D. M.; Purfeerst and Wegscheid.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1910.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1910

A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

March 17, 1986

The Honorable Jerome M. Hughes
President of the Senate

The Honorable David M. Jennings
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1910, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1910 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [65B.481] [DRIVER TO HAVE PROOF OF INSURANCE IN POSSESSION.]

Every driver shall have in his immediate possession at all times when operating a motor vehicle evidence that insurance covering the vehicle is in effect. On demand of a peace officer, an authorized representative of the department of public safety, or an officer authorized by law to enforce the laws relating to the operation of motor vehicles on public streets and highways, the driver must produce proof of insurance in the form of a valid insurance policy or an identification card issued by an insurer. No person shall be in violation of this section if the person provides the required proof of insurance to the officer within seven days or to the court on or before the date set for appearance. The commissioner of public safety may suspend the license of any operator who violates this section. Commercial vehicles required to file proof of insurance pursuant to chapter 221 and school buses as defined in section 171.01, subdivision 21 are exempt from this section.

Sec. 2. Minnesota Statutes 1984, section 65B.67, subdivision 3, is amended to read:

Subd. 3. [VIOLATION BY DRIVER.] Any other person who operates a motor vehicle or motorcycle upon a public highway, street or road in this state (WITH KNOWLEDGE) who knows or has reason to know that the owner does not have se-

curity complying with the terms of section 65B.48 in full force and effect is guilty of a misdemeanor and shall be sentenced as provided in subdivision 4.

Sec. 3. Minnesota Statutes 1984, section 65B.67, subdivision 4a, is amended to read:

Subd. 4a. The commissioner of public safety (MAY) *shall* revoke the registration of any motor vehicle or motorcycle, and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of the registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision to be certified by the insurance carrier to be noncancelable for a period not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license.

Sec. 4. [160.81] [HIGHWAYS IN RECREATION AREAS.]

Subdivision 1. [JOINT STANDARDS.] The commissioner of transportation, in consultation with the commissioner of natural resources, shall establish standards for trunk highway segments located in areas of unusual scenic interest. The rules shall:

(1) define "areas of unusual scenic interest," which must include major recreational areas, historic areas and major publicly and privately owned tourist attractions;

(2) prescribe standards for right-of-way, shoulders and parking areas for trunk highway segments in such areas; and

(3) prescribe standards for scenic overlooks, parking piers and other parking areas, tourist information facilities, public water access points and other facilities intended to expand the recreational use of trunk highway segments in such areas.

Subd. 2. [PLAN.] The commissioner of transportation, in consultation with the commissioner of natural resources, shall prepare a plan for the recreational uses of trunk highway right-of-way and adjacent public land in areas of unusual scenic in-

terest. The plan must provide for the enhancement of such recreational uses by the construction of new recreational facilities or the improvement or rehabilitation of existing recreational facilities, as enumerated in subdivision 1, clause (3). The plan must provide for joint development of these facilities by the departments of transportation and natural resources, where feasible, and must contain provisions permitting local units of government and regional development commissions to participate in the planning and development of recreational facilities.

Subd. 3. [RECREATIONAL FACILITIES.] *The commissioner of transportation may, in areas of unusual scenic interest:*

(1) construct, improve, and maintain recreational facilities, including parking areas, scenic overlooks, and tourist information facilities, on trunk highway right-of-way and adjacent areas; and

(2) construct, improve, and maintain access ramps and turnoffs to connect trunk highways with recreational land owned by the department of natural resources.

Subd. 4. [APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT.] *Promulgation of the recreational use plan under subdivision 2 is subject to chapter 14, the administrative procedure act. The standards established under subdivision 1 are not subject to the administrative procedure act.*

Sec. 5. [TRUNK HIGHWAY SYSTEM; NEW ROUTE SUBSTITUTED FOR EXISTING ROUTE.]

Subdivision 1. [ADDITIONAL ROUTE.] *There is added to the trunk highway system a new route in Minnesota Statutes, section 161.115, described as follows:*

Route No. 294. Beginning at the intersection of business route no. 71 (old trunk highway no. 71) and Civic Center Road (formerly 15th Avenue N.E.) in Willmar, at or near the South Line of Government Lot 1, Section 2, Township 119 North, Range 35 West; thence extending in a general easterly, northerly, and northwesterly direction into and through the grounds of the Willmar state hospital to the intersection with old trunk highway no. 71 about 400 feet northerly of the South Line of Government Lot 1, Section 1, Township 119 North, Range 35 West.

Subd. 2. [SUBSTITUTION.] *The route established in subdivision 1 is substituted for route no. 294 as contained and described in Minnesota Statutes 1984, section 161.115. Route no. 294 as contained and described in that section is discontinued and removed from the trunk highway system.*

Subd. 3. [DIRECTIONS TO REVISOR.] The revisor of statutes, in compiling the next and subsequent editions of Minnesota Statutes, shall substitute the route established in subdivision 1 for the route discontinued and removed from the trunk highway system in subdivision 2.

Sec. 6. [161.52] [TOURIST INFORMATION CENTERS.]

For the fiscal year ending June 30, 1988, and subsequent years, the payment of the cost of staffing and operating tourist information centers located on trunk highways, including interstate highways, by the commissioner of transportation is subject to the following restrictions:

(a) For the fiscal year ending June 30, 1988, not more than two-thirds of the cost may be paid from the trunk highway fund.

(b) For the fiscal year ending June 30, 1989, not more than one-third of the cost may be paid from the trunk highway fund.

(c) For the fiscal year ending June 30, 1990, no part of the cost may be paid from the trunk highway fund.

That portion of the cost not paid from the trunk highway fund must be paid either by the commissioner from funds appropriated for that purpose from sources other than the trunk highway fund, or by local sources of funding.

Sec. 7. Minnesota Statutes 1984, section 162.06, subdivision 5, is amended to read:

Subd. 5. [STATE PARK ROAD ACCOUNT.] After deducting for administrative costs and for the disaster account and research account as heretofore provided from the remainder of the total sum provided for in subdivision 1, there shall be deducted a sum equal to the three quarters of one percent of the remainder but not to exceed the sum of (\$200,000) \$600,000 annually. The sum so deducted shall be set aside in a separate account and shall be used for the establishment, location, relocation, construction, reconstruction and improvement of those roads included in the county state-aid highway system under Minnesota Statutes 1961, Section 162.02, Subdivision 6 which border and provide substantial access to an outdoor recreation unit as defined in section 86A.04 or which provide access to the headquarters of or the principal parking lot located within (A STATE PARK) such a unit. At the request of the commissioner of natural resources the counties wherein such roads are located shall do such work as requested in the same manner as on any other county state-aid highway and shall be reimbursed for such construction, reconstruction or improvements from the amount set aside by this subdivision. Before requesting a county to do work on a county state-aid highway as provided in this subdivi-

sion, the commissioner of natural resources must obtain approval for the project from the county state-aid screening board. The screening board, before giving its approval, must obtain a written comment on the project from the county engineer of the county requested to undertake the project. Any sums paid to counties in accordance with this subdivision shall reduce the money needs of said counties in the amounts necessary to equalize their status with those counties not receiving such payments. Any balance of the amount so set aside, at the end of each year shall be transferred to the county state-aid highway fund.

Sec. 8. Minnesota Statutes 1984, section 162.14, subdivision 2, is amended to read:

Subd. 2. [PURPOSES FOR WHICH MONEY IS APPORTIONED.] Money so apportioned to each such city shall be used for aid in the establishment, location, construction, reconstruction, improvement, and maintenance of the municipal state-aid street system within each city including the expense of sidewalks, signals and safety devices, *including systems that permit an emergency vehicle operator to activate a green traffic signal for the emergency vehicle*, on such system approved by the commissioner, provided that in the event of hardship or in the event that the municipal state-aid street system of any municipality is improved to the standards set forth in the commissioner's rules and regulations, and subject to the consent of the commissioner and under rules and regulations of the commissioner, a portion of the money so apportioned may be used on other streets or roads within the city. The governing body of any such city may, subject to the consent of the commissioner, and under the rules and regulations of the commissioner, use a portion of the money so apportioned on any state trunk highway or county state-aid highway within the city. The amount of money to be appropriated by such cities from other funds for use in the establishment, location, construction, reconstruction, improvement, and maintenance of the municipal state-aid street system within the city is hereby left to the direction of the individual governing bodies of the cities.

Sec. 9. [163.161] [IMPASSABLE CITY THROUGHFARES.]

When a written complaint signed by five or more freeholders of a statutory city of not more than 5,000 population is presented to the county board stating that a city throughfare located outside an urban area as defined in section 169.01, subdivision 59 has not been properly maintained and because of the improper maintenance is not reasonably passable the county board shall consider and act upon the complaint in the same manner provided for a complaint under section 163.16.

Sec. 10. Minnesota Statutes 1985 Supplement, section 168.011, subdivision 4, is amended to read:

Subd. 4. [MOTOR VEHICLE.] "Motor vehicle" means any self-propelled vehicle not operated exclusively upon railroad tracks and any vehicle propelled or drawn by a self-propelled vehicle and includes vehicles known as trackless trolleys which are propelled by electric power obtained from overhead trolley wires but not operated upon rails, except snowmobiles and manufactured homes. *After July 31, 1985, motor vehicle does not include a three-wheel off-road vehicle as defined in section 84.92, subdivision 8; except that if the three-wheel off-road vehicle was licensed as a motor vehicle before August 1, 1985, the owner may continue to license it as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter.*

Sec. 11. Minnesota Statutes 1985 Supplement, section 168.012, subdivision 1c, is amended to read:

Subd. 1c. (a) The annual administrative fee for (TRAILER LICENSE PLATES ISSUED TO) a tax-exempt vehicle under this section is \$5 (FOR EACH PLATE). ((B) THE ANNUAL FEE FOR LICENSE PLATES ISSUED TO ALL OTHER TAX EXEMPT VEHICLES IS A \$5 ADMINISTRATIVE HANDLING FEE AND \$10 FOR TWO PLATES PER VEHICLE.) *The license plate fee for a tax-exempt vehicle, except a trailer, is \$10 for two plates per vehicle, payable only on the first tax-exempt registration of the vehicle.* ((C) ON OR AFTER MARCH 1, 1986,) The registration period for a tax-exempt vehicle is biennial (AND NEW PLATES WILL BE ISSUED FOR THE LIFE OF THE VEHICLE). (FEES ARE) *The administrative fee is due on March 1 biennially and payable the preceding January 1, with validating stickers issued at time of payment. (IF THE TAX EXEMPT VEHICLE IS NEWLY REGISTERED FOR LESS THAN THE TWO YEAR PERIOD, THE FEE MUST BE APPORTIONED BY SIX MONTH INCREMENTS, BUT IN NO EVENT MAY THE FEE BE LESS THAN \$5 PER VEHICLE.)*

(b) *The owner of a tax-exempt vehicle shall apply for tax-exempt license plates, and pay the administrative and plate fees, and the filing fee under section 168.33, subdivision 7, only to a deputy registrar in the county in which the vehicle is domiciled.*

Sec. 12. Minnesota Statutes 1985 Supplement, section 168.013, subdivision 1c, is amended to read:

Subd. 1c. [FARM TRUCKS.] (1) On farm trucks having a gross weight of not more than 57,000 pounds, the tax shall be based on total gross weight and shall be 45 percent of the Minnesota base rate prescribed by subdivision 1e during each of the first eight years of vehicle life, but in no event less than \$35, and during the ninth and succeeding years of vehicle life the tax shall be 27 percent of the Minnesota base rate prescribed by subdivi-

sion 1e, but in no event less than \$21 (, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION. ON FARM TRUCKS HAVING A GROSS WEIGHT OF NOT MORE THAN 57,000 POUNDS DURING EACH OF THE FIRST EIGHT YEARS OF VEHICLE LIFE, THE TAX SHALL BE 45 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE.)

(ON FARM TRUCKS HAVING A GROSS WEIGHT OF NOT MORE THAN 57,000 POUNDS DURING THE NINTH AND SUCCEEDING YEARS OF VEHICLE LIFE, THE TAX SHALL BE 27 PERCENT OF THE MINNESOTA BASE RATE SCHEDULE).

(2) On farm trucks having a gross weight of more than 57,000 pounds, the tax shall be 60 percent of the Minnesota base rate during *each* of the first eight years of vehicle life and 36 percent of the Minnesota base rate during the ninth and succeeding years (, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION. ON FARM TRUCKS HAVING A GROSS WEIGHT OF MORE THAN 57,000 POUNDS DURING THE FIRST EIGHT YEARS OF VEHICLE LIFE, THE TAX SHALL BE 60 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE.)

(ON FARM TRUCKS HAVING A GROSS WEIGHT OF MORE THAN 57,000 POUNDS, DURING THE NINTH AND SUCCEEDING YEARS OF VEHICLE LIFE, THE TAX SHALL BE 36 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE.)

(IN ADDITION TO THE GROSS WEIGHT TAX IMPOSED ON A TRUCK-TRACTOR OR TRUCK USED AS A TRUCK-TRACTOR, EACH SEMITRAILER SHALL BE TAXED A FEE OF \$10 FOR A ONE YEAR PERIOD OR \$50 FOR A FIVE YEAR PERIOD WHICHEVER THE APPLICANT ELECTS).

Sec. 13. Minnesota Statutes 1985 Supplement, section 168.013, subdivision 1e, is amended to read:

Subd. 1e. [TRUCKS; TRACTORS; COMBINATIONS; EXCEPTIONS.] On trucks and tractors except those in this chapter defined as farm trucks, on truck-tractor and semitrailer combinations except those defined as farm combinations, and on commercial zone vehicles, the tax based on total gross weight shall be graduated according to the Minnesota base rate schedule prescribed in this subdivision, but in no event less than \$120.

Minnesota Base Rate Schedule

Scheduled taxes include five percent surtax
provided for in subdivision 14

TOTAL GROSS WEIGHT IN POUNDS		TAX
A	0 - 1,500	\$ 15
B	1,501 - 3,000	20
C	3,001 - 4,500	25
D	4,501 - 6,000	35
E	6,001 - 9,000	45
F	9,001 - 12,000	70
G	12,001 - 15,000	105
H	15,001 - 18,000	145
I	18,001 - 21,000	190
J	21,001 - 26,000	270
K	26,001 - 33,000	360
L	33,001 - 39,000	475
M	39,001 - 45,000	595
N	45,001 - 51,000	715
O	51,001 - 57,000	865
P	57,001 - 63,000	1015
Q	63,001 - 69,000	1185
R	69,001 - 73,280	1325
S	73,281 - 78,000	1525
T	78,001 - 81,000	1625

For each vehicle with a gross weight in excess of 81,000 pounds an additional tax of \$50 is imposed for each ton or fraction thereof in excess of 81,000 pounds, subject to subdivision 12.

Truck-tractors except those herein defined as farm and commercial zone vehicles shall be taxed in accord with the foregoing gross weight tax schedule on the basis of the combined gross weight of the truck-tractor and any semitrailer or semitrailers which the applicant proposes to combine with the truck-tractor.

Commercial zone trucks include only trucks, truck-tractors, and semitrailer combinations which are:

(1) used by an authorized local cartage carrier operating under a permit issued under section 221.296 and whose gross transportation revenue consists of at least 60 percent obtained solely from local cartage carriage, and are operated solely within an area composed of two contiguous cities of the first class and municipalities contiguous thereto as defined by section 221.011, subdivision 17; or,

(2) operated by an interstate carrier registered under section 221.60, or by an authorized local cartage carrier or other carrier receiving operating authority under chapter 221, and operated solely within a zone exempt from regulation by the interstate commerce commission pursuant to United States Code, title 49, section 10526(b).

The license plates issued for commercial zone vehicles shall be plainly marked. A person operating a commercial zone vehicle outside the zone or area in which its operation is authorized is guilty of a misdemeanor and, in addition to the penalty therefor, shall have the registration of the vehicle as a commercial zone vehicle revoked by the registrar and shall be required to reregister the vehicle at 100 percent of the full annual tax prescribed in the Minnesota base rate schedule, and no part of this tax shall be refunded during the balance of the registration year.

On commercial zone trucks the tax shall be based on the total gross weight of the vehicle and during *each* of the first eight years of vehicle life shall be 75 percent of the Minnesota base rate schedule. During the ninth and succeeding years of vehicle life the tax shall be 50 percent of the Minnesota base rate schedule (, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION. ON COMMERCIAL ZONE TRUCKS, DURING THE NINTH AND SUCCEEDING YEARS OF VEHICLE LIFE, THE TAX SHALL BE 50 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE).

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, and except for those (URBAN TRUCKS AND COMBINATIONS AND) commercial zone vehicles specifically provided for in this subdivision, the tax for *each* of the first eight years of vehicle life shall be 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life, the tax shall be 75 percent of the Minnesota base rate

prescribed by this subdivision (, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION.)

(ON TRUCKS, TRUCK-TRACTORS AND SEMITRAILER COMBINATIONS, EXCEPT THOSE DEFINED AS FARM TRUCKS AND FARM COMBINATIONS, AND EXCEPT FOR THOSE COMMERCIAL ZONE VEHICLES SPECIFICALLY PROVIDED FOR IN THIS SUBDIVISION, DURING EACH OF THE FIRST EIGHT YEARS OF VEHICLE LIFE THE TAX SHALL BE 100 PERCENT OF THE TAX IMPOSED IN THE MINNESOTA BASE RATE SCHEDULE).

Sec. 14. Minnesota Statutes 1984, section 168.27, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "Leasing motor vehicles" means furnishing a motor vehicle for a fee under a bailor-bailee relationship where no incidences of ownership are intended to be transferred other than the right to use the vehicle for a stated period of time.

(2) "Brokering motor vehicles" means arranging sales between willing buyers and sellers of motor vehicles and receiving a fee for said service.

(3) "Wholesaling motor vehicles" means selling new or used motor vehicles to dealers for resale to the public.

(4) "Auctioning motor vehicles" means arranging for and handling the sale of motor vehicles, not the property of the auctioneer, to the highest bidder.

(5) "Dealer" includes new motor vehicle dealers, used motor vehicle dealers, brokers, wholesalers, auctioneers and lessors of new or used motor vehicles.

(6) "Commercial building" means a building adapted to commercial use and located in an area zoned for commercial or other less restrictive nonresidential use by the governmental unit in which it is located.

(7) "*Horse trailer*" is a trailer designed and used to carry horses and other livestock, which has not more than three axles and a maximum gross weight capacity of not more than 24,000 pounds.

Sec. 15. Minnesota Statutes 1984, section 168.27, subdivision 22, is amended to read:

Subd. 22. [MOTORIZED BICYCLES, BOAT AND SNOW-MOBILE TRAILERS.] Any person, copartnership or corpora-

tion having a permanent enclosed commercial building or structure either owned in fee or leased and engaged in the business, either exclusively or in addition to any other occupation, of selling motorized bicycles, boat trailers, *horse trailers* or snowmobile trailers, may apply to the registrar for a dealer's license. Upon payment of a \$10 fee the registrar shall license the applicant as a dealer for the remainder of the calendar year in which the application was received. Thereafter the license may be renewed on or before the second day of January of each year by payment of a fee of \$10. The registrar shall issue to each dealer, upon his request, dealer plates as provided in subdivision 16 upon payment of \$3 for each plate, and the plates may be used in the same manner and for the same purposes as is provided in subdivision 16. Except for motorized bicycle dealers, the registrar shall also issue to the dealer, upon his request, "in transit" plates as provided in subdivision 17 upon payment of a fee of \$2 for each plate. This subdivision shall not be construed to abrogate any of the provisions of this section as the same relates to the duties, responsibilities and requirements of persons, copartnerships or corporations engaged in the business, either exclusively or in addition to other occupations, of selling motor vehicles or manufactured homes.

Sec. 16. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 24, is amended to read:

Subd. 24. [BONDS.] All persons licensed hereunder shall keep in full force and effect a bond with a corporate surety to be approved by the registrar of motor vehicles in amounts as herein provided; in the case of boat, snowmobile trailer, *horse trailer* or motorized bicycle dealers in the amount of \$5,000; and as to all other persons in the amount of \$25,000. The bond shall be conditioned on the faithful performance by the licensee of the obligations imposed by the laws of this state, including the conduct required of a licensee by this section and other sections governing the sale or transfer of motor vehicles, and the payment of all taxes, license fees and penalties. The bond shall be for the benefit of the state of Minnesota and any transferor, seller, or purchaser of a motor vehicle for any monetary loss caused by failure of the licensee to meet the obligations enumerated above. Proceedings on the forfeiture of the bonds shall be commenced in the district court of the county wherein the business of the licensed person was carried on, or if in more than one county, the county in which the offense occurred.

Sec. 17. Minnesota Statutes 1984, section 168.28, is amended to read:

168.28 [VEHICLES SUBJECT TO TAX; EXCEPTIONS.]

Every motor vehicle (except those exempted in section 168.012, and except those (EXEMPTED IN SECTION 168.012) which are being towed upon the streets and highways and which

shall not be deemed to be using the streets and highways within the meaning of this section) shall be deemed to be one using the public streets and highways and hence as such subject to taxation under this act if such motor vehicle has since April 23, 1921, used such public streets or highways, or shall actually use them, or if it shall come into the possession of an owner other than as a manufacturer, dealer, warehouseman, mortgagee or pledgee. New and unused motor vehicles in the possession of a dealer solely for the purpose of sale, and used or secondhand motor vehicles which have not theretofore used the public streets or highways of this state which are in the possession of a dealer solely for the purpose of sale and which are duly listed as herein provided, shall not be deemed to be vehicles using the public streets or highways. The driving or operating of a motor vehicle upon the public streets or highways of this state by a motor vehicle dealer or any employee of such motor vehicle dealer for demonstration purposes or for any purpose incident to the usual and customary conduct and operation of his business in which he has been licensed under section 168.27 to engage, or solely for the purpose of moving it from points outside or within the state to the place of business or storage of a licensed dealer within the state or solely for the purpose of moving it from the place of business of a manufacturer, or licensed dealer within the state to the place of business or residence of a purchaser outside the state, shall not be deemed to be using the public streets or highways in the state within the meaning of this chapter or of the Constitution of the State of Minnesota, Article 14, and shall not be held to make the motor vehicle subject to taxation under this chapter as one using the public streets or highways, if during such driving or moving the dealer's plates herein provided for shall be duly displayed upon such vehicle. Any dealer or distributor may register a motor vehicle prior to its assessment or taxation as personal property, and pay the license fee and tax thereon for the full calendar year as one using the public streets and highways, and thereafter such vehicle shall be deemed to be one using the public streets and highways and shall not be subject to assessment or taxation as personal property during the calendar year for which it is so registered, whether or not such vehicle shall actually have used the streets or highways.

Sec. 18. Minnesota Statutes 1984, section 169.07, is amended to read:

169.07 [UNAUTHORIZED SIGNS.]

No person shall place, maintain, or display upon or in view of any highway any unauthorized sign, signal, marking, or device which purports to be or is an imitation of or resembles an official traffic-control device or railroad sign or signal, or which attempts to direct the movement of traffic, or which hides from view or interferes with the effectiveness of any official traffic-control device or any railroad sign or signal, and no person shall place or maintain, nor shall any public authority permit, upon any highway any traffic sign or signal bearing thereon any com-

mercial advertising. This shall not be deemed to prohibit (1) the erection upon private property adjacent to highways of signs giving useful directional information and of a type that cannot be mistaken for official signs, or (2) *the temporary placement by auctioneers licensed or exempt from licensing under section 330.01, for a period of not more than eight consecutive hours, on or adjacent to the right-of-way of a highway not more than four signs directing motorists to the location of an auction. The signs must conform to standards for size, content, placement, and location for such signs promulgated by the commissioner of transportation. The rules may require a permit for each such sign but no fee may be charged for the permit.*

Every such prohibited sign, signal, or marking is hereby declared to be a public nuisance, and the authority having jurisdiction over the highways is hereby empowered to remove the same, or cause it to be removed, without notice.

Sec. 19. Minnesota Statutes 1984, section 169.44, is amended by adding a subdivision to read:

Subd. 18. [MOTOR COACH USED FOR SCHOOL ACTIVITIES.] A school district or an area vocational technical institute shall not acquire a motor coach. Motor coaches acquired by school districts or area vocational technical institutes before the effective date of this section may be used by school districts or area vocational technical institutes only to transport students participating in school activities, their instructors, and supporting personnel, to and from school activities. The motor coaches shall not in any way be outwardly equipped and identified as school buses. A motor coach operated under this subdivision is not a school bus for purposes of section 124.225. By August 1, 1986, the state board of education shall adopt rules governing the equipment, identification, operation, inspection, and certification of motor coaches operated under this subdivision. After January 1, 1998, a school district or area vocational technical institute shall not own or operate a motor coach for any purpose.

Sec. 20. Minnesota Statutes 1984, section 169.99, is amended by adding a subdivision to read:

Subd. 1b. The uniform traffic ticket must provide a blank or space wherein an officer who issues a citation for a violation of section 169.141 must specify whether the speed was greater than ten miles per hour in excess of the speed designated under that section.

Sec. 21. Minnesota Statutes 1984, section 171.02, subdivision 3, is amended to read:

Subd. 3. [MOTORIZED BICYCLES.] No motorized bicycle shall be operated on any public roadway by any person who does not possess a valid drivers license, unless the person has obtained

a motorized bicycle operator's permit or *motorized bicycle instruction permit* from the commissioner of public safety. The operator's permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. *The instruction permit may be issued to any person who has attained the age of 15 years and who has passed the written portion of the examination prescribed by the commissioner.* The commissioner may promulgate rules and regulations prescribing the content of the examination and the information to be contained on the (PERMIT) *permits*.

The fees for motorized bicycle operator's (PERMIT) *permits* are as follows:

(a) Examination and operator's permit, valid for one year	\$ 4
(b) Duplicate	\$ 2
(c) Renewal permit before age (18) 19 and valid until age (18) 19	\$ 6
(d) Renewal permit after age (18) 19 and valid for four years	\$10
(e) Duplicate of any renewal permit	\$ 3
(f) Written examination and instruction permit, valid for 30 days	\$ 4

Sec. 22. Minnesota Statutes 1984, section 171.05, is amended by adding a subdivision to read:

Subd. 3. Notwithstanding any provision in subdivision 1 to the contrary, the department, upon application and payment of the fee prescribed in section 1, may issue a motorized bicycle instruction permit to an applicant who is 15 years of age and who has successfully completed the written portion of the examination prescribed by the commissioner. The holder of this instruction permit who has the permit in possession may operate a motorized bicycle within one mile of the holder's residence for the purpose of practicing to take the operator portion of the examination prescribed by the commissioner.

Sec. 23. Minnesota Statutes 1984, section 171.07, subdivision 5, is amended to read:

Subd. 5. The department may provide a donor document to each person making application for a driver's license or a Minnesota identification card whereby any such person (, 18 YEARS OF AGE OR MORE,) may execute an anatomical gift, pursuant to the provisions of the uniform anatomical gift act, sections 525.-

921 to 525.93. The commissioner of public safety shall prescribe the form of the donor document. *If the donor is 18 years of age or older*, the donor document must be signed by the donor in the presence of two witnesses who must sign the donor document in the donor's presence. If the donor cannot sign, the donor document may be signed for the donor at the donor's direction, in the donor's presence, and in the presence of two witnesses who must sign the donor document in the donor's presence. *If the donor is a minor*, the donor document must be signed by the minor donor, and both of the minor donor's parents, a legal guardian, or the parent or parents having legal custody. *If the minor cannot sign*, the donor document may not be signed for the minor. The department shall identify donors of anatomical gifts by the designation "donor" on the front side of the donor's driver's license or Minnesota identification card. The designation "donor" shall constitute sufficient legal authority for the removal of all body organs or parts upon death of the donor for the purpose of transplantation and the designation shall be removed only upon written notice to the department. (NO DESIGNATION MAY BE NOTED UPON THE DRIVER'S LICENSE OR MINNESOTA IDENTIFICATION CARD OF ANY PERSON UNDER 18.) Delivery of the license or Minnesota identification card during the donor's lifetime is not necessary to make the gift valid.

Sec. 24. Minnesota Statutes 1984, section 171.12, is amended by adding a subdivision to read:

Subd. 6. [CERTAIN CONVICTIONS NOT RECORDED.] The department shall not keep on the record of a driver any conviction for a violation of section 169.141 unless the violation consisted of a speed greater than ten miles per hour in excess of the lawful speed designated under that section.

Sec. 25. Minnesota Statutes 1985 Supplement, section 171.27, is amended to read:

171.27 [EXPIRATION OF LICENSES.]

The expiration date for each driver's license, other than provisional licenses, is the birthday of the driver in the fourth year following the date of issuance of the license. The birthday of the driver shall be as indicated on the application for a driver's license. A license may be renewed on or before expiration or within one year after expiration upon application, payment of the required fee, and passing the examination required of all drivers for renewal. Driving privileges shall be extended or renewed on or preceding the expiration date of an existing driver's license unless the commissioner believes that the licensee is no longer qualified as a driver.

The expiration date for each provisional license shall be the (18TH) 19th birthday of the licensee. Upon the provisional licensee attaining the age of (18) 19 and upon the application,

payment of the required fee, and passing the examination required of all drivers for renewal, a driver's license shall be issued if the commissioner deems the record of the provisional licensee to be satisfactory.

Any valid Minnesota driver's license issued to a person then or subsequently on active duty with the Armed Forces of the United States, or the person's spouse, shall continue in full force and effect without requirement for renewal until 90 days after the date of the person's discharge from such service, provided that a spouse's license must be renewed if the spouse is residing within the state at the time the license expires or within 90 days after the spouse returns to Minnesota and resides within the state.

Sec. 26. Minnesota Statutes 1984, section 173.08, subdivision 1, is amended to read:

Subdivision 1. [ADVERTISING DEVICES RESTRICTED.] No advertising device, excepting the advertising devices described and permitted under sections 173.01 to 173.27, shall be erected or maintained in an adjacent area, after June 8, 1971, except the following:

(a) Directional and other official signs, including, but not limited to, signs pertaining to natural wonders, scenic and historical attractions, which are required or authorized by law, and which comply with regulations which shall be promulgated by the commissioner relative to their lighting, size, spacing and other requirements as may be appropriate to implement sections 173.01 to 173.27;

(b) Advertising devices advertising the sale or lease of property upon which they are located, provided that there shall not be more than one such sign, advertising the sale or lease of the same property, visible to traffic proceeding in any one direction on any one interstate or primary highway;

(c) Advertising devices advertising activities conducted on the property on which they are located, including, without limiting the generality of the foregoing, goods sold, stored, manufactured, processed or mined thereon, services rendered thereon, and entertainment provided thereon;

(d) Advertising devices stating the name and address of the owner, lessee or occupant of such property or information otherwise required or authorized by law to be posted or displayed thereon;

(e) Public utility signs;

(f) Service club and religious notices;

(g) Advertising devices of which the advertising copy or the name of the owner thereof is in no part visible from the traveled way of the aforesaid highways;

(h) Advertising devices which are located, or which are to be located, in business areas and which comply, or will comply when erected, with the provisions of sections 173.01 to 173.27;

(i) *Signs placed temporarily by auctioneers under section 169.07.*

Sec. 27. Minnesota Statutes 1985 Supplement, section 221.-033, subdivision 3, is amended to read:

Subd. 3. [VARIANCE, RULES.] The commissioner shall adopt rules which provide a procedure for granting a variance from those regulations adopted under subdivision 1 which prescribe specifications for tank motor vehicles used to transport gasoline. The variance may be granted only (TO PERSONS WHO TRANSPORT GASOLINE IN) *for tank motor vehicles with a capacity of 3,000 gallons or less that are used to transport gasoline and which were designed and manufactured between 1950 and 1975 (ACCORDING TO AMERICAN SOCIETY OF MECHANICAL ENGINEERS SPECIFICATIONS IN EFFECT AT THE TIME OF MANUFACTURE) to transport petroleum products.* The commissioner shall prescribe alternative requirements to assure the safety of the tank motor vehicles operated under the variance, and shall register each tank motor vehicle operated under the variance.

Sec. 28. Laws 1974, chapter 151, section 3, is amended to read:

Sec. 3. This act shall take effect upon the construction of the (TRUNK HIGHWAY 12) *Route No. 4 and Route No. 49 bypass of Willmar.*

Sec. 29. Laws 1977, chapter 402, section 2, is amended to read:

Sec. 2. [LEXINGTON AVENUE SOUTH OF LARPEN-TEUR.]

The city of Saint Paul may (NOT) take or use existing park land for the redesign, reconstruction or widening of Lexington avenue south of Larpenteur avenue *only if the redesign, reconstruction or widening:*

(a) *does not result in a traveled way on Lexington avenue between Horton avenue and Hoyt avenue greater than 32 feet, except for turning lanes, and*

(b) *is consistent with the Como Park master plan approved by the metropolitan council.*

Sec. 30. [VARIANCE NOT REQUIRED.]

Notwithstanding any other provision of law that section of Lexington avenue which is located within Como Park in the city of Saint Paul does not require a variance from municipal state-aid engineering standards in order to be redesigned, reconstructed or widened, and is eligible for inclusion in the money needs of the city on the same basis as other municipal state-aid streets in the city.

Sec. 31. [HIGH OCCUPANCY VEHICLES.]

Subdivision 1. [HIGH OCCUPANCY LANES.] The commissioner of transportation shall, in the design of any controlled access highway within the metropolitan area as defined in Minnesota Statutes, section 473.02, subdivision 5, consider the inclusion in the design of one or more lanes of traffic reserved exclusively for vehicles carrying two or more persons.

Subd. 2. [EXCLUSIVE BUS LANES.] The commissioner of transportation shall, in the management of controlled access highways within the metropolitan area as defined in Minnesota Statutes, section 473.02, subdivision 5, which have entrance ramps reserved exclusively for buses, consider the use of such ramps by any vehicle carrying two or more persons.

Sec. 32. [RECONVEYANCE.]

Notwithstanding any other law, the proceeds from the conveyance of excess real estate in the city of St. Cloud that was acquired for the improvement of marked trunk highway No. 15 in the St. Cloud metropolitan area must be placed by the state treasurer in a separate account if the excess real estate is conveyed before the improvement is completed. All money in this account is hereby appropriated to the commissioner for expenditure only to pay the costs of completing the improvement of marked trunk highway No. 15 in the St. Cloud metropolitan area. The commissioner shall pay any money so appropriated which is in excess of the amount required to complete the improvement to the state treasurer for deposit in the trunk highway fund. For purposes of this section "St. Cloud metropolitan area" means the cities of St. Cloud, St. Joseph, Sauk Rapids, Waite Park and Sartell and all towns contiguous to those cities. For purposes of this section, "improvement" means the segment of trunk highway No. 15 between county road No. 137 in St. Cloud and Benton Drive in Sauk Rapids.

Sec. 33. Laws 1985, First Special Session chapter 15, section 9, subdivision 5, is amended to read:

Subd. 5. Construct rest areas near the cities listed in this subdivision

4,099,000

(a) Baptism River, on trunk highway 61 156,000

This appropriation is added to the appropriation in Laws 1983, chapter 344, section 6, subdivision 8, as amended by Laws 1984, chapter 597, section 54.

(b) Bigelow, on trunk highway 60, including a travel information center 1,191,000

(ONE-HALF THE COST OF STAFFING AND OPERATING THE TRAVEL INFORMATION CENTER MUST BE PAID FROM SOURCES OTHER THAN THE TRUNK HIGHWAY FUND. THE COMMISSIONER MAY PROCEED WITH CONSTRUCTION ONLY AFTER AGREEMENTS TO PROVIDE THIS FUNDING ARE OBTAINED.)

(c) Orr, on trunk highway 53, including a travel information center 573,000

\$341,000 is for construction of parking spaces.

\$232,000 is for a grant to the city of Orr for site acquisition and development and construction of a travel information center.

The costs of maintaining, staffing, and operating the rest area and travel information center must not be paid from the trunk highway fund.

(d) St. Cloud, on trunk highway 10, including a travel information center 1,145,000

(ONE-HALF THE COST OF STAFFING AND OPERATING THE TRAVEL INFORMATION CENTER MUST BE PAID FROM SOURCES OTHER THAN THE TRUNK HIGHWAY FUND. THE COMMISSIONER MAY PROCEED WITH CONSTRUCTION ONLY AFTER AGREEMENTS TO PROVIDE THIS FUNDING ARE OBTAINED.)

(e) St. Peter, on trunk highway 169 1,034,000

Sec. 34. Laws 1985, chapter 299, section 40, is amended to read:

Sec. 40. [SPECIAL PERMIT.]

Subdivision 1. [PERMIT TO BE ISSUED.] Notwithstanding any law to the contrary the commissioner of transportation shall issue one special permit authorizing the operation for testing purposes of a three vehicle combination consisting of a motor vehicle, a "motorized hitch" and a trailer. The permit is valid for one year from the date of issuance. The annual fee for the permit is \$30. The permit is subject to all applicable provisions of Minnesota Statutes 1984, section 169.86, except as otherwise provided in this subdivision. The holder of the permit is responsible for all liability for personal injury, property damage or time lost, which may occur as a result of the operation of the combination for which the permit is issued, and must, if a claim is made against the state or a department, division officer or employee thereof arising from such operation, defend, indemnify and hold them harmless.

Subd. 2. [REPEALER.] This section is repealed July 31, (1986) 1987.

Sec. 35. [PREPAID FEES FOR TAX-EXEMPT VEHICLES CARRIED FORWARD.]

The owner of a tax-exempt vehicle registered for the two-year period beginning March 1, 1986, whose fees for administrative handling, license plates, and filing exceeded \$20 per vehicle, may apply the excess toward payment of administrative handling fees for tax-exempt vehicles in subsequent registration periods, as provided in this section. Only payments made before the effective date of section 5 may be applied to subsequent administrative handling fees. The registrar shall notify each owner of a tax-exempt vehicle of the amount of the credit, if any, for which the owner is eligible under this section.

Sec. 36. [EXCHANGE OF LAND.]

Until July 1, 1988, the commissioner of transportation may contract to dispose of and replace existing land, buildings, and associated property located in the southwest quadrant of the intersection of marked interstate highway no. 494 and France Avenue South in the city of Bloomington. The property may be replaced with land, buildings and associated property at a new location if replacement would result in a clear public benefit. A clear public benefit results if the following conditions are satisfied:

(1) the present use of the property to be replaced is not the highest and best use of the property compared to other property located in the immediate, surrounding area;

(2) replacement will promote commercial and economic development and employment in the area;

(3) *replacement will not result in diminished service provided by the department or result in significantly increased future costs for the department due solely to the relocation of its facilities;*

(4) *the replacement will result in a significant economic benefit or interest to the state; and*

(5) *the procedures to effectuate replacement include an open, competitive contracting process.*

The commissioner may enter into a contract for purposes of this paragraph only after presenting a report detailing the terms of the contract to the chairs of the house appropriations committee and the senate finance committee.

Sec. 37. [REPEALER.]

Minnesota Statutes 1984, section 171.15, subdivision 2, is repealed.

Sec. 38. [EFFECTIVE DATES.]

Sections 5, 19, 27, 28, 32 and 34 are effective the day following final enactment. Sections 29 and 30 are effective on approval by the St. Paul city council and compliance with Minnesota Statutes 1984, section 645.021."

Delete the title and insert:

"A bill for an act relating to transportation; providing for the licensing, taxation, ownership, and operation of motor vehicles; providing for the standards and construction of certain highways and payment of street and highway expenses; providing definitions; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 65B.67, subdivisions 3 and 4a; 162.06, subdivision 5; 162.14, subdivision 2; 168.27, subdivisions 1 and 22; 168.28; 169.07; 169.44, by adding a subdivision; 169.99, by adding a subdivision; 171.02, subdivision 3; 171.05, by adding a subdivision; 171.07, subdivision 5; 171.12, by adding a subdivision; and 173.08, subdivision 1; Minnesota Statutes 1985 Supplement, sections 168.011, subdivision 4; 168.012, subdivision 1c; 168.013, subdivisions 1c and 1e; 168.27, subdivision 24; 171.27; and 221.033, subdivision 3; Laws 1974, chapter 151, section 3; Laws 1977, chapter 402, section 2; Laws 1985, chapter 299, section 40; Laws 1985, First Special Session chapter 15, section 9, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 65B; 160; 161; and 163; repealing Minnesota Statutes 1984, section 171.15, subdivision 2."

We request adoption of this report and repassage of the bill.

Senate Conferees: DEAN E. JOHNSON, ROBERT J. SCHMITZ and CLARENCE M. PURFEERST.

House Conferees: DENNIS D. OZMENT, VIRGIL J. JOHNSON and GLEN H. ANDERSON.

Ozment moved that the report of the Conference Committee on S. F. No. 1910 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1910, A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 128 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Jacobs	Olson, E.	Pappas	Segal	Tomlinson
Kelly				

The bill was repassed, as amended by Conference, and its title agreed to.

MOTION FOR ADJOURNMENT

Norton moved that the House adjourn until 11:00 a.m., Tuesday, March 18, 1986. The motion did not prevail.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1869.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON 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.

March 17, 1986

The Honorable Jerome M. Hughes
President of the Senate

The Honorable David M. Jennings
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1869, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1869 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 216A.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] (AS OF JANUARY 1, 1975)
The public utilities commission shall consist of five members
(, THREE OF WHOM SHALL BE THE MEMBERS THEN

SERVING, WHO SHALL CONTINUE TO SERVE FOR THE BALANCE OF THEIR ELECTIVE OR APPOINTIVE TERMS. THERE SHALL BE TWO ADDITIONAL COMMISSIONERS APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE, ONE FOR A TERM EXPIRING DECEMBER 31, 1975, AND ONE FOR A TERM EXPIRING DECEMBER 31, 1977). (THEREAFTER) The terms of (ALL SUBSEQUENT) members (OF THE COMMISSION) shall be six years and until their successors have been appointed and qualified. Each commissioner shall be appointed by the governor by and with the advice and consent of the senate. Not more than three commissioners shall belong to the same political party. *At least one commissioner must have been domiciled at the time of appointment outside the seven-county metropolitan area. If the membership of the commission after July 31, 1986, does not consist of at least one member domiciled at the time of appointment outside the seven-county metropolitan area, the membership shall conform to this requirement following normal attrition of the present commissioners.* The governor in his selection of commissioners shall give consideration to persons learned in the law or persons who have engaged in the profession of engineering, public accounting (OR), property and utility valuation, finance, physical or natural sciences, production agriculture, or natural resources as well as being representative of the general public.

For purposes of this subdivision, "seven-county metropolitan area" means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

Sec. 2. Minnesota Statutes 1984, section 216A.03, subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The (COMMISSION) governor shall (ELECT) select one of (THEIR NUMBER) the commissioners to serve as the chairman (AT THE MEETING OF THE COMMISSION IN THE SECOND WEEK IN JANUARY OF EACH YEAR) for a term (OF ONE YEAR) concurrent with that of the governor.

If a vacancy occurs in the position of chairman, the (COMMISSION) governor shall (ELECT) select a new chairman to complete the unexpired term.

Sec. 3. Minnesota Statutes 1984, section 216A.035, is amended to read:

216A.035 [CONFLICT OF INTEREST.]

(a) No person during his term of membership on the public utilities commission, while acting as executive secretary of the commission, or while employed in a professional capacity by the

commission, shall receive any (SIGNIFICANT PORTION OF HIS) income, other than dividends or other earnings from a mutual fund or trust if these earnings do not constitute a significant portion of the person's income, directly or indirectly from any public utility or other organization subject to regulation by the commission. (NO PERSON SHALL BE ELIGIBLE TO BE APPOINTED AS A MEMBER OF THE PUBLIC UTILITIES COMMISSION UNLESS AND UNTIL HE DIVESTS HIMSELF OF ANY SIGNIFICANT INTEREST OR ABANDONS ANY EMPLOYMENT WITH A UTILITY.)

(b) No person is eligible to be appointed as a member of the commission if the person has been employed with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission within one year from the date when the person's term on the commission will begin.

(c) No person who is an employee of the public service department shall participate in any manner in any decision or action of the commission where he has a direct or indirect financial interest. Each commissioner or employee of the public service department who is in the general professional, supervisory, or technical units established in section 179A.10 or who is a professional, supervisory, or technical employee defined as confidential in section 179A.03, subdivision 4, or who is a management classification employee and whose duties are related to public utilities or transportation regulation shall report to the ethical practices board annually before April 15 any interest he has in an industry or business regulated by the commission. Each commissioner shall file a statement of economic interest as required by section 10A.09 with the ethical practices board and the public utilities commission before taking office. The statement of economic interest must state any interest that the commissioner has in an industry or business regulated by the commission.

(d) A professional employee of the commission or department must immediately disclose to the commission or to the director of the department, respectively, any communication, direct or indirect, with a person who is a party to a pending proceeding before the commission regarding future benefits, compensation, or employment to be received from that person.

Sec. 4. [216A.036] [EMPLOYMENT RESTRICTIONS.]

(a) A person who serves as (1) a commissioner of the public utilities commission, (2) director of the department of public service, or (3) deputy director of the department, shall not, while employed with or within one year after leaving the commission, or department, accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an entity, or an affiliated company

of an entity, that is subject to rate regulation by the commission.

(b) An entity or an affiliated company of an entity that is subject to rate regulation by the commission, or a person acting on behalf of the entity, shall not negotiate or offer to employ or compensate a commissioner, the director, or the deputy director, while the person is so employed or within one year after the person leaves that employment.

(c) For the purposes of this section, "affiliated company" means a company that controls, is controlled by, or is under common control with an entity subject to rate regulation by the commission.

(d) A person who violates this section is subject to a civil penalty not to exceed \$10,000 for each violation. The attorney general may bring an action in district court to collect the penalties provided in this section.

Sec. 5. [216A.037] [RULES.]

Subdivision 1. [EX PARTE COMMUNICATIONS.] The commission shall adopt rules under chapter 14 prescribing permissible and impermissible ex parte communications.

The ex parte rules may prohibit only ex parte communications by commission members with a party relating to:

- (1) a material issue during a pending contested case proceeding;*
- (2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;*
- (3) a material issue in a disputed formal petition; and*
- (4) any other communication impermissible by law.*

A contested case is pending from the time the commission refers the matter to the office of administrative hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.

Subd. 2. [COMMUNICATIONS PROHIBITED.] A commissioner shall not communicate, directly or indirectly, with a person or entity who is a party to a pending proceeding before the commission regarding past or future benefits or compensation to be received from that person or entity. The commission

may dismiss a proceeding if an applicant, petitioner, or complainant violates this subdivision.

Subd. 3. [CODE OF CONDUCT.] Except as limited by subdivision 1, the commission shall adopt rules prescribing a code of conduct for commissioners and employees of the commission. The code of conduct must include standards to preserve the quasi-judicial function of the commission.

The commission shall adopt emergency rules to implement this subdivision.

Sec. 6. Minnesota Statutes 1984, section 216B.16, subdivision 1a, is amended to read:

Subd. 1a. [SETTLEMENT BARRED.] When a public utility proposes changes in general rates that would increase general rates paid by consumers (BY MORE THAN \$500,000 ANNUALLY), the commission (SHALL NOT) *may* approve the change (UNTIL AFTER REQUIRING THE OFFICE OF ADMINISTRATIVE HEARINGS TO CONDUCT) *without* a contested case hearing (ON, AT A MINIMUM, THE APPROPRIATE RATE BASE, EXPENSE AND REVENUE LEVELS FOR THE TEST YEAR, AND THE RATE OF RETURN. IF THE FORMAL PARTIES TO THE CONTESTED CASE CHOOSE NOT TO CROSS EXAMINE THE TESTIMONY PRESENTED, IT SHALL BE THE DUTY OF THE COMMISSION AND ITS STAFF TO MAKE INQUIRY OF THE WITNESSES PRESENTED TO ENSURE THAT THE TESTIMONY IS WELL REASONED AND CONSTITUTES SUBSTANTIAL EVIDENCE. AFTER A REPORT OF THE EXAMINER HAS BEEN ISSUED, THE COMMISSION MAY PROCEED TO TAKE ACTION ON THE PROPOSED RATES CONSISTENT WITH THE PROVISIONS OF THIS SECTION. THE COMMISSION SHALL NOT ACCEPT ANY STIPULATION THAT IS NOT AGREED TO BY) *if applicant and all intervening parties agree to a stipulated settlement of the case and the settlement is supported by substantial evidence. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing.*

Sec. 7 Minnesota Statutes 1984, section 216B.16, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF RATES; HEARING.] Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for

the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both hearing examiner reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; *except if a settlement has been submitted to and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing.* For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 8. Minnesota Statutes 1984, section 237.075, subdivision 1a, is amended to read:

Subd. 1a. [SETTLEMENT BARRED.] When a telephone company proposes changes in general rates that would increase general rates paid by consumers (BY MORE THAN \$500,000 ANNUALLY), the commission (SHALL NOT) *may* approve the change (UNTIL AFTER REQUIRING THE OFFICE OF ADMINISTRATIVE HEARINGS TO CONDUCT) *without* a contested case hearing (ON, AT A MINIMUM, THE APPROPRIATE RATE BASE, EXPENSE AND REVENUE LEVELS FOR THE TEST YEAR, AND THE RATE OF RETURN. IF THE FORMAL PARTIES TO THE CONTESTED CASE CHOOSE NOT TO CROSS EXAMINE THE TESTIMONY PRESENTED, IT SHALL BE THE DUTY OF THE COMMISSION AND ITS STAFF TO MAKE INQUIRY OF THE WITNESSES PRESENTED TO ENSURE THAT THE TESTIMONY IS WELL REASONED AND CONSTITUTES SUBSTANTIAL EVIDENCE. AFTER A REPORT OF THE EX-

AMINER HAS BEEN ISSUED, THE COMMISSION MAY PROCEED TO TAKE ACTION ON THE PROPOSED RATES CONSISTENT WITH THE PROVISIONS OF THIS SECTION. THE COMMISSION SHALL NOT ACCEPT ANY STIPULATION THAT IS NOT AGREED TO BY) *if applicant and all intervening parties agree to a stipulated settlement of the case and the settlement is supported by substantial evidence. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing.*

Sec. 9. Minnesota Statutes 1984, section 237.075, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF RATES; HEARING.] Whenever there is filed with the commission as provided in subdivision 1 a schedule modifying or resulting in a change in any rate then in force, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected telephone company a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the telephone company's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; *except if a settlement has been submitted to and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing.* For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 and 3, paragraphs (b), (c), and (d), and sections 4 and 5 are effective the day following final enactment. Section 3, paragraph (a), is effective July 1, 1986. Section 2 is effective January 1, 1987."

Delete the title and insert:

"A bill for an act relating to utilities; changing qualifications for members of the public utilities commission; requiring the governor to appoint the chair of the commission; requiring commissioners to file certain information before taking office; prohibiting commissioners and certain employees of the department of public service from engaging in certain activities prior to and after leaving the commission or the department; requiring the commission to adopt rules relating to ex parte communications and a code of conduct; authorizing stipulated settlements in certain cases; prescribing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; 216A.035; 216B.16, subdivisions 1a and 2; and 237.075, subdivisions 1a and 2; proposing coding for new law in Minnesota Statutes, chapter 216A."

We request adoption of this report and repassage of the bill.

Senate Conferees: NEIL DIETERICH, TAD JUDE and FRITZ KNAAK.

House Conferees: ELTON R. REDALEN, JOEL JACOBS and DAVID B. GRUENES.

Redalen moved that the report of the Conference Committee on S. F. No. 1869 be adopted and that the bill be repassed as amended by the Conference Committee. 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 third time, as amended by Conference, and placed upon its repassage.

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

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

There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1863

A bill for an act relating to crimes; providing for the right to counsel in juvenile proceedings in certain instances; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; repealing the crime of criminal syndicalism; amending Minnesota Statutes 1984, sections 260.155, by adding subdivisions; 260.251, subdivision 4; and Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; repealing Minnesota Statutes 1984, sections 260.155, subdivision 2; and 609.405.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1863, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1863 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 260.155, is amended by adding a subdivision to read:

Subd. 1a. [RIGHT TO PARTICIPATE IN PROCEEDINGS.] A child who is the subject of a petition, and the parents, guardian, or custodian of the child, and any grandparent of the child with whom the child has resided within the past two years, have the right to participate in all proceedings on a petition.

Sec. 2. Minnesota Statutes 1984, section 260.155, subdivision 8, is amended to read:

Subd. 8. [WAIVER.] (a) Waiver of any right which a child has under this chapter must be an express waiver voluntarily and intelligently made by the child after the child has been fully and effectively informed of the right being waived. If a child is under 12 years of age, the child's parent, guardian or custodian shall give any waiver or offer any objection contemplated by this chapter.

(b) Waiver of a child's right to be represented by counsel provided under the juvenile court rules must be an express waiver voluntarily and intelligently made by the child after the child has been fully and effectively informed of the right being waived. In determining whether a child has voluntarily and intelligently waived the right to counsel, the court shall look to the totality of the circumstances which includes but is not limited to the child's age, maturity, intelligence, education, experience, and ability to comprehend, and the presence and competence of the child's parents, guardian, or guardian ad litem. If the court accepts the child's waiver, it shall state on the record the findings and conclusions that form the basis for its decision to accept the waiver.

Sec. 3. Minnesota Statutes 1985 Supplement, section 290.92, subdivision 15, is amended to read:

Subd. 15. [PENALTIES.] (1) In the case of any failure to withhold a tax on wages, make and file quarterly returns or make payments to or deposits with the commissioner of amounts withheld, as required by this section, within the time prescribed by law, there shall be added to the tax a penalty equal to ten percent of the amount of tax that should have been properly withheld and paid over to or deposited with the commissioner

if the failure is for not more than 30 days with an additional five percent for each additional 30 days or fraction thereof during which the failure continues, not exceeding 25 percent in the aggregate. The amount of the tax together with this amount shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid. The amount added to the tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the negligence, in which case the amount added shall be collected in the same manner as the tax.

(2) If any employer required to withhold a tax on wages, make deposits, make and file quarterly returns and make payments to the commissioner of amounts withheld, as required by sections 290.92 to 290.97, willfully fails to withhold the tax or make the deposits, files a false or fraudulent return, willfully fails to make the payment or deposit, or willfully attempts in any manner to evade or defeat the tax or the payment or deposit of it, there shall also be imposed on the employer as a penalty an amount equal to 50 percent of the amount of tax, less any amount paid or deposited by the employer on the basis of the false or fraudulent return or deposit, that should have been properly withheld and paid over or deposited with the commissioner. The amount of the tax together with this amount shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid. The penalty imposed by this paragraph shall be collected as a part of the tax, and shall be in addition to any other penalties civil and criminal, prescribed by this subdivision.

(3) If any person required under the provisions of subdivision 7 to furnish a statement to an employee or payee and a duplicate statement to the commissioner, or to furnish a reconciliation of the statements, and quarterly returns, to the commissioner, willfully furnishes a false or fraudulent statement to an employee or payee or a false or fraudulent duplicate statement or reconciliation of statements, and quarterly returns, to the commissioner, or willfully fails to furnish a statement or the reconciliation in the manner, at the time, and showing the information required by the provisions of subdivision 7, or rules prescribed by the commissioner thereunder, there shall be imposed on the person a penalty of \$50 for each act or failure to act, but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed \$25,000. The penalty imposed by this paragraph is due and payable within ten days after the mailing of a written demand therefor, and may be collected in the manner prescribed in subdivision 6, paragraph (8).

(4) In addition to any other penalties prescribed, any person required to withhold a tax on wages, (MAKE AND) file quarterly returns, and make payments or deposits to the commissioner of amounts withheld, as required by this section, who *attempts to*

evade the tax by (i) willfully (FAILS) failing to withhold the tax (OR TRUTHFULLY MAKE AND), file the (QUARTERLY) return, or make the payment or deposit, or (ATTEMPTS TO EVADE OR DEFEAT THE TAX) (ii) willfully preparing or filing a false return, is guilty of a gross misdemeanor unless the tax involved exceeds \$300, in which event he is guilty of a felony.

(5) In lieu of any other penalty provided by law, except the penalty provided by paragraph (3), any person required under the provisions of subdivision 7 to furnish a statement of wages to an employee and a duplicate statement to the commissioner, who willfully furnishes a false or fraudulent statement of wages to an employee or a false or fraudulent duplicate statement of wages to the commissioner, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required by the provisions of subdivision 7, or rules prescribed by the commissioner thereunder, is guilty of a gross misdemeanor.

(6) Any employee required to supply information to his employer under the provisions of subdivision 5, who willfully fails to supply information or willfully supplies false or fraudulent information thereunder which would require an increase in the tax to be deducted and withheld under subdivision 2a or 3, is guilty of a gross misdemeanor.

(7) The term "person," as used in this section, includes an officer or employee of a corporation, or a member or employee of a partnership, who as an officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

(8) All payments received may, in the discretion of the commissioner of revenue, be credited first to the oldest liability not secured by a judgment or lien, but in all cases shall be credited first to penalties, next to interest, and then to the tax due.

(9) In addition to any other penalty provided by law, any employee who furnishes a withholding exemption certificate to his employer which the employee has reason to know contains a materially incorrect statement is liable to the commissioner of revenue for a penalty of \$500 for each instance. The penalty is immediately due and payable and may be collected in the same manner as any delinquent income tax.

(10) In addition to any other penalty provided by law, any employer who fails to submit a copy of a withholding exemption certificate required by subdivision 5a, clause (1)(a), (1)(b), or (2) is liable to the commissioner of revenue for a penalty of \$50 for each instance. The penalty is immediately due and payable and may be collected in the manner provided in subdivision 6, paragraph (8).

(11) Any person who willfully aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with any matter arising under this section, of a return, affidavit, claim, or other document, which is fraudulent or false as to any material matter, whether or not the falsity or fraud is with the knowledge or consent of the person authorized or required to present the return, affidavit, claim, or document, is guilty of a gross misdemeanor, unless the tax involved exceeds \$300, in which event he is guilty of a felony.

(12) Notwithstanding the provisions of section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed, upon any criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense.

Sec. 4. Minnesota Statutes 1985 Supplement, section 609.531, subdivision 2, is amended to read:

Subd. 2. [FORFEITURES OF CONVEYANCE DEVICES; COMMUNICATIONS DEVICES; PRIMARY CONTAINERS; WEAPONS USED; AND CONTRABAND PROPERTY.] (a) Proceeds that are derived from or traced to the commission of a designated offense, conveyance devices, communications devices or components, primary containers, and weapons associated with the commission or utilized in the commission of a designated offense, and all contraband property shall be subject to forfeiture with the following limitations:

((A)) (1) No conveyance device, communications device or component or primary container used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section unless the owner or other person in charge of the conveyance, container, or communications device or component is a consenting party or privy to commission of a designated offense.

((B)) (2) No conveyance device, communications device or component, primary container, or weapon used is subject to forfeiture under this section unless the owner of it is privy to a violation of a designated offense or unless the use of the conveyance device, communications device or component, primary container, or weapon in a violation occurred with his knowledge or consent.

((C)) (3) A forfeiture of a conveyance device, communications device or component, primary container, or weapon used encumbered by a bona fide security interest is subject to the interest of the secured party unless he had knowledge of or consented to the act or omission upon which the forfeiture is based.

((D)) (4) Proceeds which are derived from or traced to the commission of a designated offense are subject to forfeiture un-

der this section only to the extent that the owner of the proceeds was privy to the violation upon which the forfeiture action is based.

(b) Any property acquired during or after the commission of the designated offense shall be presumed to be proceeds derived from or traced to the commission of a designated offense and subject to forfeiture under paragraph (a). The burden of rebutting this presumption is upon the claimant.

Sec. 5. [EFFECTIVE DATE.]

Sections 3 and 4 are effective August 1, 1986, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; providing for the waiver of the right to counsel in juvenile proceedings; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; amending Minnesota Statutes 1984, section 260.155, subdivision 8, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2."

We request adoption of this report and repassage of the bill.

House Conferees: ARTHUR W. SEABERG, RANDY C. KELLY and MARCUS M. MARSH.

Senate Conferees: MICHAEL O. FREEMAN and GENE MERRIAM.

Seaberg moved that the report of the Conference Committee on H. F. No. 1863 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1863, A bill for an act relating to crimes; providing for the right to counsel in juvenile proceedings in certain instances; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; repealing the crime of criminal syndicalism; amending Minnesota Statutes 1984, sections 260.155, by adding subdivisions; 260.251, subdivision 4; and Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; repealing Minnesota Statutes 1984, sections 260.155, subdivision 2; and 609.405.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage 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 16 nays as follows :

Those who voted in the affirmative were :

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

Those who voted in the negative were :

Bennett	Haukoos	Kostohryz	Rodosovich	Stanius
Clausnitzer	Jennings, L.	Piepho	Schreiber	Tjornhom
Dimler	Johnson	Rice	Solberg	Welle
Gruenes				

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

Mr. Speaker :

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on :

S. F. No. 1949.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1949

A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

March 17, 1986

The Honorable Jerome M. Hughes
President of the Senate

The Honorable David M. Jennings
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1949, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1949 be further amended as follows:

Page 3, line 2, after "to" insert "*ordinances adopted pursuant to*" and after "*contracts*" delete "*creating*" and insert "*providing for*"

We request adoption of this report and repassage of the bill.

Senate Conferees: GENE MERRIAM, JOHN BERNHAGEN and RANDOLPH W. PETERSON.

House Conferees: DOUGLAS W. CARLSON, HARRIET A. MCPHERSON and DAVID P. BATTAGLIA.

Carlson, D., moved that the report of the Conference Committee on S. F. No. 1949 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1949, A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 229

A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

March 17, 1986

The Honorable David M. Jennings
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 229, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 229, be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [62E.081] [HEALTH INSURANCE FOR RETIRED TEACHERS.]

Subdivision 1. [TEACHERS ELIGIBLE FOR HEALTH INSURANCE.] A teacher who retired before May 1, 1974, from the basic plan of the Minneapolis teachers retirement fund association and who is not currently eligible for the health insurance benefits of the federal Medicare Program of the Social Security Act is entitled to have health insurance premiums paid and to receive the benefits of a number two qualified plan offered by the Minnesota comprehensive health association under sections 62E.01 to 62E.17. The premium payments must be made through contributions from employed teachers in special school district No. 1 and from special school district No. 1 in the manner described in subdivision 2. To qualify for a benefit under this subdivision a retiree shall permit the school district to verify with the Social Security Administration that the retiree does not qualify for Medicare. The permission must be granted on a form prescribed by the school district.

Subd. 2. [DETERMINATION OF PREMIUM.] Before June 30 of each year, the writing carrier for the Minnesota comprehensive health association under section 62E.13 shall notify the school district of the total premium payment for the following school year required for coverage of the eligible teachers enrolled under subdivision 1 in the comprehensive health insurance plan. The school district shall remit the required premium payment on a monthly basis thereafter to the writing carrier. The employer contribution to the required premium payment must be one-half of the total premium payment and must be paid from the school district's general fund. The school district shall calculate the percentage of total annual payroll for teachers necessary to raise one-half of the total premium payment. The school district shall withhold the appropriate amount from each teacher's paychecks.

Sec. 2. Minnesota Statutes 1984, section 62E.14, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATE, CONTENTS.] The comprehensive health insurance plan shall be open for enrollment by eligible persons. An eligible person shall enroll by submission of a certificate of eligibility to the writing carrier. The certificate shall provide the following:

(a) Name, address, age, and length of time at residence of the applicant;

(b) Name, address, and age of spouse and children if any, if they are to be insured;

(c) Evidence of rejection, a requirement of restrictive riders, a rate up, or a pre-existing conditions limitation on a qualified

plan, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk, by at least one association members within six months of the date of the certificate, or other eligibility requirements adopted by rule by the commissioner which are not inconsistent with this chapter and which evidence that a person is unable to obtain coverage substantially similar to that which may be obtained by a person who is considered a standard risk; (AND)

(d) *Evidence that the applicant meets the eligibility requirements of section 1, subdivision 1, of this act; and*

(e) A designation of the coverage desired.

An eligible person may not purchase more than one policy from the state plan. Upon ceasing to be a resident of Minnesota a person is no longer eligible to purchase or renew coverage under the state plan.

Sec. 3. Minnesota Statutes 1985 Supplement, section 136C.50, subdivision 7, is amended to read:

Subd. 7. [STAFF.] The council may employ an executive director and other staff needed to carry out its duties. The executive director *shall serve in the unclassified service and may be paid an allowance not to exceed \$2,000 annually for miscellaneous expenses in connection with duties of the office.* The council may contract with professional, technical, and clerical consultants and interns needed to carry out its functions.

Sec. 4. Minnesota Statutes 1984, section 352.12, subdivision 2, is amended to read:

Subd. 2. [SURVIVING SPOUSE BENEFIT.] If an employee or former employee who has attained the age of at least (55) 50 years and has credit for not less than ten years allowable service or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, his or her surviving spouse may elect to receive, in lieu of the refund with interest provided in subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee could have qualified for had he or she terminated service on the date of death. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The annuity shall be computed as provided in section 352.115, subdivisions 1, 2, and 3, and section 352.116, subdivisions 1 and 3. *Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity payable under this subdivision.* The annuity shall cease with the last payment re-

ceived by the surviving spouse in his or her lifetime. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the benefits paid and payable to the surviving spouse shall be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of such deceased spouse. Any employee may request in writing that this subdivision not apply and that payment be made only to his designated beneficiary as otherwise provided by this chapter.

Sec. 5. Minnesota Statutes 1984, section 352D.01, is amended to read:

352D.01 [ESTABLISHMENT.]

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

Sec. 6. Minnesota Statutes 1984, section 352D.015, subdivision 5, is amended to read:

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

Sec. 7. Minnesota Statutes 1984, section 352D.02, as amended by Laws 1985, First Special Session chapter 10, section 88, is amended to read:

352D.02 [COVERAGE.]

Subdivision 1. [COVERAGE.] The following employees, if they are in the unclassified service of the state and are eligible for coverage under the (MINNESOTA) state *employees* retirement (SYSTEM) *fund*, shall participate in the unclassified program unless an employee gives notice to the executive director of the state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the regular employee plan. For the purposes of this chapter, an employee who does not file notice with the executive director shall be deemed to have exercised the option to participate in the unclassified plan.

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

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

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

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

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

(6) the executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

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

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

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

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

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

Subd. 1a. The following employees if they are eligible for coverage under the state employees retirement fund, or the teachers retirement association, or would have been eligible for coverage under those funds but for this subdivision, shall participate in the plan, subject to the provisions of subdivision 5 and section 36, and have social security coverage under the agreement between the state and the secretary of health and human services: the chancellor, university presidents, and unclassified managerial employees in the state university system employed at the level of dean or higher.

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

Subd. (1B) 1c. An employee covered by the regular plan who is subsequently employed as a permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature may elect to transfer accumulated employee and matching employer contributions, as provided in section 352D.03.

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

ified in subdivision 1 shall cease to participate in the unclassified program in the event his position is placed in the classified service.

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

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

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

Sec. 8. Minnesota Statutes 1984, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. When a participant attains at least age 58, is retired from covered service, and applies for a retirement annuity, the cash value of his shares shall be transferred to the Minnesota post-retirement investment fund and used to provide an annuity for the retired employee based upon his age when the benefit begins to accrue according to the reserve basis used by the (REGULAR) *state employees retirement* fund in determining pensions and reserves.

Sec. 9. Minnesota Statutes 1984, section 352D.065, subdivision 5, is amended to read:

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

Sec. 10. Minnesota Statutes 1984, section 352D.085, subdivision 1, is amended to read:

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

Sec. 11. 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 *who are county employees*.

Sec. 12. Minnesota Statutes 1984, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] If a member or former member who has attained the age of at least (55) 50 years and has credit for not less than ten years of allowable service, or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to section 353.31, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for had the member terminated service on the date of death. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The annuity shall be computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. *Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.* No payment shall accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. Any member may specify in writing that this subdivision shall not apply and that payment shall be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 13. Minnesota Statutes 1985 Supplement, section 353.-657, subdivision 2a, is amended to read:

Subd. 2a. If a member who has attained the age of at least (55) 50 years and has credit for not less than ten years allowable service dies before public service has terminated, or if an employee who has filed a valid application for an annuity or disability benefit prior to termination of public service dies before the annuity or benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided

in section 353.32, subdivision 1, or survivor benefits otherwise payable pursuant to subdivisions 1 and 2, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.* No payment shall accrue beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member. Any member may request in writing that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 14. Minnesota Statutes 1984, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] "Teacher" includes any person who renders service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the state universities, or in any charitable or state institution including penal and corrective institutions supported, in whole or in part, by public funds, or who is engaged in educational administration in connection with the state public school system, including the state university system and state community college system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with the systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association, and any nurse, counselor, social worker, therapist or psychologist who renders service in the public schools as defined above or in state universities. The term shall also include any person who renders teaching service on a part time basis and who also renders other services for a school district. In such cases, the teachers retirement association shall have the authority to determine whether all or none of the combined employment shall be covered by the teachers retirement association. *The term does not include an employee described in section 352D.02, subdivision 1a, clause (1), who is hired after the effective date of this act.* The term does not mean any person who works for a

school or institution as an independent contractor. The term shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution. The term shall not include any person holding a part time adult supplementary vocational-technical school license who renders part time teaching service in a vocational-technical school if (1) the service is incidental to the regular nonteaching occupation of the person; and (2) the applicable vocational-technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year. The term also shall not include a person exempt from licensure pursuant to section 125.031 or any person who was excluded from membership prior to January 1, 1981 pursuant to Laws 1978, chapter 556, section 1 and Laws 1980, chapter 342, section 8, if the person annually certifies on a form prescribed by the executive director that the person has established and is contributing to an individual retirement account which is based on nonteaching employment.

Sec. 15. Minnesota Statutes 1984, section 354.05, subdivision 26, is amended to read:

Subd. 26. [POST RETIREMENT INVESTMENT FUND ANNUITY.] "Post retirement investment fund annuity" means the payments made by the fund to an annuitant after retirement in accordance with the provisions of section 354.63. It also means that the payments made by the fund shall never be an amount less than the amount originally determined on the date of retirement (OR) *as adjusted on each succeeding January 1* (, 1974 WHICHEVER IS LATER BUT NOT INCLUDING THE ADJUSTMENTS PROVIDED) in section 11A.18.

Sec. 16. Minnesota Statutes 1984, section 354.44, subdivision 4, is amended to read:

Subd. 4. [TIME AND MANNER OF PAYMENTS.] A member may make application to the board for a retirement annuity any time after the member has satisfied the age and service requirements of this chapter for retirement except that no appli-

cation for retirement may be made more than 60 days before termination of teaching service. The annuity payment shall begin to accrue after the termination of teaching service, or after the application for retirement has been filed with the board, whichever is later, as follows:

(a) on the sixteenth day of the month of termination or filing if the termination or filing occurs on or before the fifteenth day of the month or

(b) on the first day of the month following the month of termination or filing if the termination or filing occurs on or after the sixteenth day of the month (BUT IN NO EVENT SHALL AN ANNUITY BEGIN TO ACCRUE MORE THAN ONE MONTH PRIOR TO THE DATE OF FINAL SALARY RECEIPT).

If an application for retirement is filed with the board during the 90-day period immediately following the termination of teaching service, the annuity may begin to accrue as if the application for retirement had been filed with the board on the date teaching service terminated. In no event may an annuity begin to accrue more than one month before the date of final salary receipt.

Sec. 17. Minnesota Statutes 1984, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.] The surviving spouse of any member or former member who has attained the age of at least (55) 50 years and has credit for at least ten years of allowable service or who has credit for at least 30 years of allowable service irrespective of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to sections 354.47, subdivision 1, or 354.62, subdivision 5, clause (3), whichever is applicable, the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivisions 2, 6 or 7, whichever is applicable. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 354.44, subdivisions 6 and 7, and 354.60 apply to a deferred annuity payable under this section.* If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1). The benefit shall be payable for life.

Sec. 18. Minnesota Statutes 1985 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. Any person covered under section 354.44, subdivisions 6 and 7, who ceases to render teaching service may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be governed pursuant to section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, subdivisions 6 and 7, and augmented as provided herein. The required reserves related to that portion of the annuity which had accrued at the time the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall be five percent commencing July 1, 1971, until January 1, 1981, and three percent thereafter. If a person has more than one period of uninterrupted service, *a separate average salary determined under section 354.44, subdivision 6, must be used for each period* and the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person does not render teaching service in any one or more consecutive fiscal years and then resumes teaching service, the formula percentages used from date of resumption will be those applicable to new members. The mortality table and interest assumption contained therein used to compute the annuity shall be determined by the law in effect at the time of the member's retirement. A period of uninterrupted service for the purposes of this subdivision shall mean a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall the annuity payable herein be less than the amount of annuity payable pursuant to section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement prior to age 65 contained in section 354.44, subdivision 6, clause (2) shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of ab-

sence from an employer unit covered by the provisions of this chapter.

Sec. 19. Minnesota Statutes 1984, section 354A.35, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY.] The surviving spouse of any coordinated member who has attained the age of at least (55) 50 years and has credit for at least (20) ten years of service or has credit for at least 30 years of service regardless of age shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The member's surviving spouse shall be paid a joint and survivor annuity as provided in section 354A.32 and computed pursuant to section 354A.31. *Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity payable under this section.* The benefits shall be payable for life.

Sec. 20. Minnesota Statutes 1985 Supplement, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST ASSUMPTIONS.] For funds governed by chapters 3A, 352, 352B, 352C, 353, 354 (*except the variable annuity fund, which is governed by section 354.62*), and 490, a preretirement interest assumption of eight percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year must be used. For funds governed by chapter 354A, preretirement and postretirement assumptions of eight percent and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year, but the payment of postretirement adjustments to retirees shall be based on the methods specified in the bylaws of the fund as approved by the legislature. For all other funds, a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year must be used.

Sec. 21. Minnesota Statutes 1985 Supplement, section 356.70, subdivision 1, is amended to read:

Subdivision 1. [COMBINED AGE AND SERVICE REQUIREMENT.] Any member of a retirement plan established pursuant to chapter 352, 353, 354, or 354A who *by January 1, 1987*, has attained the age of at least 55 years and whose at-

tained age plus credited allowable service totals at least 85, is entitled, upon valid application and termination of service prior to (JANUARY) *July 1, 1987*, to the normal retirement annuity provided in these chapters without any reduction in annuity by reason of such early retirement.

Sec. 22. Laws 1985, First Special Session chapter 7, section 31, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE EMPLOYEES.] From the public employees retirement association, a member who is currently employed by independent school district No. 281, who was absent from employment due to illness between (APRIL 22) *March 20, 1981, and (SEPTEMBER 1) April 17, 1981, and between June 13, 1981, and October 23, 1981, and who did not have the required deductions made from income received (BETWEEN JULY 1, 1981, AND SEPTEMBER 1, 1981) during those two periods of absence, shall be entitled to pay the voluntary assessments.*

Sec. 23. [BUHL POLICE SURVIVOR BENEFITS.]

Notwithstanding the limitations in Minnesota Statutes, section 423.58, or any other law, the bylaws of the Buhl police relief association may be amended to provide for the payment of a survivor benefit to the surviving spouse of a deceased member, or the surviving children equally if there is no surviving spouse, in an amount equal to 85 percent of the pension the deceased member was to receive on the date of his death. Benefits calculated in accordance with this section must continue until the surviving spouse remarries or until a dependent child reaches the age of 18 years or, if a full-time student, 22 years, and may be made retroactive to June 30, 1985.

Sec. 24. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund may be increased by \$25 a month. Increases may be made retroactive to January 1, 1986.

Sec. 25. [ANDOVER FIREFIGHTERS BYLAW AMENDMENT.]

Notwithstanding any provision of Minnesota Statutes, sections 69.771 to 69.776 or chapter 424A, the Andover firefighters relief association may amend its bylaws to allow computation of service pensions utilizing a member's period of service as an active member of the municipal fire department during the period prior to incorporation of the relief association.

Sec. 26. [FALLS NURSING HOME EMPLOYEES.]

Subdivision 1. [REFUND OF CONTRIBUTIONS.] A member of the public employees retirement association who was employed by the Falls nursing home on the date the nursing home was taken over by a private corporation or organization must be paid a refund of accumulated employee and employer contributions made by or on behalf of the employee to the association, plus interest at the rate of six percent a year. If an employee has previously received a refund of employee contributions, only the employer contributions plus the total interest must be refunded. No employer additional contributions may be refunded.

Subd. 2. [DEFERRED ANNUITY.] If an employee described in subdivision 1 had at least five years of allowable service credit, the employee may elect to receive, in lieu of the refund, a deferred annuity under section 353.34, subdivision 3, notwithstanding the length of service requirements contained in that subdivision. An employee eligible for a deferred annuity who has previously received a refund of employee contributions may reinstate his or her eligibility for a deferred annuity by repaying the amount refunded, including any interest received, to the association.

Subd. 3. [DEADLINE.] Refunds must be paid or options exercised and repayments of refunds made before July 1, 1987.

Sec. 27. [PURCHASE OF PRIOR SERVICE CREDIT BY CERTAIN EMPLOYEES.]

Notwithstanding the limitations in Minnesota Statutes, section 353.36, subdivision 2, or any other law, a person who was employed by the Becker county highway department from May, 1952, to June, 1954, and who does not have the required number of years of allowable service credit to qualify for early retirement under section 356.70, subdivision 1, solely because of prior public service for which salary deductions were not taken out for the association, and who otherwise meets the requirements of section 353.36, subdivision 2, may, by paying before December 31, 1986, an amount calculated in accordance with section 353.36, subdivision 2, purchase the period of prior public service necessary to bring the person's total allowable service to the minimum required for retirement under section 356.70, subdivision 1, although the person's public service did not terminate before July 1, 1982.

Sec. 28. [PURCHASE OF PRIOR SERVICE CREDIT.]

Notwithstanding any provision of law to the contrary, a person who was employed as a public health nurse by the suburban Hennepin county public health nursing service from June, 1957,

to February, 1961, and who is currently employed by the city of Bloomington as a health administrator, may purchase prior service credit from the public employees retirement association for the period from June 10, 1957, to February 26, 1961.

Sec. 29. [PAYMENT.]

The provisions of Laws 1982, chapter 578, article II, section 2, govern the amount and manner of payment for the purchase of prior service credit. Payment may be made either by the city of Bloomington or by the person entitled to purchase prior service.

Sec. 30. [PAYMENT OF VOLUNTARY ASSESSMENTS.]

Subdivision 1. Notwithstanding Minnesota Statutes, section 353.01, subdivision 16, or any other law, the person described in subdivision 2 may pay the public employees retirement association voluntary assessments. The amount of the payment is governed by section 353.27, subdivision 2.

Subd. 2. A member of the public employees retirement association who is currently employed by the Hennepin county medical center who was absent from employment due to injury between December 3, 1982, and February 7, 1983, and who did not have the required deductions made from income received between December 3, 1982, and February 7, 1983, may pay the voluntary assessments.

Subd. 3. Payment of employee contributions must be made by the member, and the current employer of the person must pay the employer and additional employer contribution required by section 353.27, subdivisions 3 and 3a. All employee, employer, and employer additional contributions must include interest at the rate of six percent a year, compounded annually, from December 3, 1982. Payments must be completed by July 1, 1986.

Sec. 31. Minnesota Statutes 1984, section 352.91, is amended by adding a subdivision to read:

Subd. 3b. Covered correctional service also means service performed by certain state employees in positions usually covered by this section who were excluded by law from coverage between July 1973 and July 1980 if they were 45 years of age or over when hired, provided they are state employees on the effective date of this subdivision and provided they elect coverage. Eligible employees who elect coverage must file written notice of their election with the director prior to July 1, 1986.

Sec. 32. [CONTRIBUTIONS.]

State employees electing coverage under section 31 must pay employee contributions in an amount equal to the difference be-

tween employee contributions previously made and employee contributions under the correctional employee plan for the appropriate period of employment between July 1973 and July 1980. The employer of an employee electing coverage shall pay the difference in employer contributions. Employee and employer contributions paid pursuant to this section shall include interest at six percent per annum compounded annually. No service credit shall be awarded in the correctional plan until all contributions are paid.

Sec. 33. [REFUNDS FOR COUNTY HISTORICAL SOCIETY EMPLOYEES.]

Upon application prior to January 1, 1987, refunds of employee and equal employer contributions must be made to employees of a county historical society who are not county employees. Refunds must include interest at a rate of six percent a year compounded annually.

Sec. 34. [MANKATO POLICE PROBATIONARY PERIOD.]

Notwithstanding Minnesota Statutes, section 423.372 or any other law, a member of the Mankato police relief association who served a probationary period during which the member was not eligible for membership in the association, may elect to purchase service credit for the probationary period. A member electing to purchase service credit shall pay to the association an amount equal to the employee contribution which would have been required of a member during the probationary period plus interest thereon at a rate equal to the annual average rate of return on investments of the special fund of the association. An election to purchase service credit and all payments of contributions must be completed by December 31, 1987 or the date the member retires, if earlier.

Sec. 35. [FALLS NURSING HOME EMPLOYEES.]

Subdivision 1. [ELIGIBLE EMPLOYEES.] *Notwithstanding any other provision of law, a person who was employed by the Minneapolis public library in a temporary or part time position prior to July 1, 1979, and is currently a member of the public employees retirement association, may purchase prior service credit from the public employees retirement association for a period of service between 1972 and 1985 that has not been credited in the public employees retirement association. Purchase may be only for months actually employed.*

Subd. 2. [PAYMENT.] *The amount of payment will be the higher of the payment required by section 353.36, subdivision 2, or the payment required by Laws 1982, chapter 578, article II, section 2. Payments must be made prior to July 1, 1987.*

Sec. 36. [ELECTION OF COVERAGE; TRANSITION.]

A current employee or official enumerated in Minnesota Statutes, section 352D.02, subdivision 1a, as added by section 7, may elect prospective coverage in the unclassified plan. The employee may elect to transfer prior service credit to the plan under the provisions of section 352D.12.

The executive director of the state retirement system, or teachers retirement association, as appropriate, shall notify current employees or officials of the option within six months following the effective date of this act. An employee or official eligible to elect coverage by the plan shall notify the appropriate director within six months after the date of notice. An election to participate in the plan is irrevocable during any current or subsequent period of employment.

Sec. 37. [OPTION TO CHOOSE PLAN.]

Subdivision 1. Each legislative employee who while being employed by the legislature exercised an option to retain coverage in the state employees retirement fund has an option to choose future coverage in the unclassified plan and to transfer to the unclassified plan prior service credit accrued in the state employees retirement fund.

For an employee who elects to transfer service credit, the executive director of the fund shall transfer to the unclassified plan accumulated employee and equal employer contributions with interest at six percent a year compounded annually, based on fiscal year balances. The employee must complete the application for the transfer before July 1, 1987.

Subd. 2. The legislative body for which the employee is employed has the option to pay to the employee's account in the unclassified plan an amount equal to the difference between the employer contribution that would have been deposited in the employee's account had the employee been a member of the plan and the employer contribution that was contributed to the state employees retirement fund on behalf of the employee during the period the employee retained coverage in the state employees retirement fund. The legislative body must exercise its option before July 1, 1987.

Sec. 38. [INCREASE IN CERTAIN ANNUITIES.]

A former member of the public employees retirement association, the state patrol retirement fund, or the state retirement system who terminated employment before July 1, 1973, or the teachers retirement association who terminated employment before July 1, 1972, and was at least 55 years of age with at least ten years of service at the time of termination, and who deferred

receipt of an annuity until after June 30, 1973, must be paid the annuity increase granted to pre-1973 retirees by Laws 1973, chapter 653, sections 32 and 34; chapter 728, section 25, subdivisions 13 and 14; chapter 753, sections 2 and 36; and chapter 755, section 5, commencing with the first annuity payment made after the effective date of this section. Retirement funds covered by this section shall transfer to the post retirement fund the required reserves necessary to support the increases granted by this section.

Sec. 39. [EFFECTIVE DATE.]

Sections 1 and 2 are effective upon approval by the governing board of Special School District No. 1. Section 23 is effective upon approval by the Buhl city council. Section 24 is effective upon approval by the Eveleth city council. Section 25 is effective upon approval by the Andover city council. Section 34 is effective upon approval by the Mankato city council. All local approvals must comply with Minnesota Statutes, section 645.021. Sections 3 to 22, 26 to 33, and 35 to 38 are effective the day following final enactment. Sections 4, 12, 13, 17, and 19 apply to members whose deaths occur after June 30, 1985."

Delete the title and insert:

"A bill for an act relating to retirement; public plans generally; extending the time for termination of service to qualify for early retirement without reduction of annuities; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; regulating coverage under the unclassified employees retirement program; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 352.91, by adding a subdivision; 352D.01; 352D.015, subdivision 5; 352D.02; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 353.32, subdivision 1a; 354.05, subdivisions 2 and 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.01, subdivision 2a; 353.657, subdivision 2a; 354.55, subdivision 11; 356.215, subdivision 4d; and 356.70, subdivision 1; Laws 1985, First Special Session chapter 7, section 31, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 62E."

We request adoption of this report and repassage of the bill.

House Conferees: TERRY M. DEMPSEY, STEVE A. SVIGGUM and GIL GUTKNECHT.

Senate Conferees: DONALD M. MOE, ALLAN H. SPEAR and EARL W. RENNEKE.

Dempsey moved that the report of the Conference Committee on H. F. No. 229 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 229, A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1725.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1725

A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

March 17, 1986

The Honorable Jerome M. Hughes
President of the Senate

The Honorable David M. Jennings
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1725, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1725 be further amended as follows:

Delete everything after the enacting clause and insert:

"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 13 to 33*, 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 13 to 33*.

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 13 to 33*, 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 13 to 33*, 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 13 to 33*; 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 25, 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 revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, *by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 13 to 33*, 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 25, 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 13 to 33.*

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 13 to 33*, 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, adver-

tising, improving, or developing the economic and agricultural resources of the county.

Sec. 12. [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. 13. [458C.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] In sections 13 to 33, 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. 14. [458C.03] [ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.]

A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 16, establish an economic development authority that, subject to section 15, has the powers contained in sections 13 to 33 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. 15. [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 13 to 33, 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 debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness 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 15.

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. 16. [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. 17. [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 bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

Sec. 18. [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. 19. [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 16 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 16.

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. 20. [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. 21. [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 13 to 33.

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. 22. [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. 23. [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. 24. [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 13 to 33, 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.

Subd. 6. [COMPLIANCE EXAMINATIONS.] 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.

Sec. 25. [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 if the district satisfies the requirements of section 273.73,

subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 13 to 33 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 13 to 33. It may hold and dispose of the property subject to the limits and conditions in sections 13 to 33. 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 13 to 33. 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 13 to 33. 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 13 to 33 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 acquire, 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 13 to 33.*

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 13 to 33 or 462.411 to 462.705. The authority may also use the powers and duties in sections 13 to 33 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. 26. [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 13 to 33. 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 13 to 33 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, and issuance of the bonds is subject to the provisions of chapter 475.

Subd. 2. [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 20 years from the date of issuance.

Subd. 3. [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. 4. [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. 5. [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. 6. [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. 27. [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 20 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 26, subdivision 6, 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 26, 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 26 are subject to the provisions of section 273.77.

Sec. 28. [458C.17] [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]

Sections 474.16 to 474.23 apply to obligations issued under sections 13 to 33 that are limited by a federal limitation act defined in section 474.16, subdivision 5.

Sec. 29. [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 13 to 33 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 13 to 33.

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 26 or 27 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 27 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. 30. [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 13 to 33.

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 13 to 33 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. 31. [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 13 to 33. 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 13 to 33 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 27. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 13 to 33 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. 32. [458C.22] [CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.]

Subdivision 1. [CITY TAX LEVY.] *A city may, 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. [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. The election must be held pursuant to the procedure specified in section 275.58.

Sec. 33. [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 13 to 33. If the election is made, the powers and duties set forth in sections 13 to 33 supersede the special law and the special law must not be used anymore. The use of powers under sections 13 to 33 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 17.

Sec. 34. [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 13 to 33.

Sec. 35. 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 redevelopment authority in and for a city, (OR) the port authority of a city, *or an economic development authority of a city established under sections 13 to 33*, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

Sec. 36. 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 25.*

Sec. 37. 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 13 to 33 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. 38. 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. 39. 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. 40. 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. 41. 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 13 to 33*, 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. 42. 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 13 to 33*; 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. 43. 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 13 to 33*, 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. 44. [DOWNTOWN TAXING AREA.]

If a bill is enacted into law in the 1986 legislative session which authorizes the city of Minneapolis to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities, which authorizes certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions of that law "downtown taxing area" shall mean the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the

river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank Street between 2nd Street S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E., to the river.

Sec. 45. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public administration; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 462C.02, subdivisions 6 and 9; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, section 273.75, subdivision 4; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapter 458; and proposing coding for new law as Minnesota Statutes, chapter 458C."

We request adoption of this report and repassage of the bill.

Senate Conferees: ROGER D. MOE, LAWRENCE J. POGEMILLER and DOUGLAS J. JOHNSON.

House Conferees: BERNARD L. LIEDER, DON J. VALENTO and PAUL M. THIEDE.

Lieder moved that the report of the Conference Committee on S. F. No. 1725 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1725, A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 132 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Skoglund Zaffke

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1793.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1793

A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

March 17, 1986

The Honorable Jerome M. Hughes
President of the Senate

The Honorable David M. Jennings
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1793, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1793 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. [AITKIN COUNTY; DEVELOPMENT LEVY.]

The Aitkin county board may annually levy a tax of not more than one and one third mills on taxable property in the county, to provide funds to be used by the county for tourist, agricultural, industrial, and economic development. A levy under this section is in addition to any other permitted by law and shall be disregarded in the calculation of any other levies or limits on levies provided by Minnesota Statutes, sections 275.50 to 275.56 or other law.

Sec. 2. [REVERSE REFERENDUM.]

If the Aitkin county board intends to exercise the authority provided by section 1, it shall pass a resolution stating the fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or, in the alternative, adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days thereafter a

petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution is in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election prior to October 1 of the first year for which the tax authorized under section 1 is proposed to be levied.

Sec. 3. Laws 1984, chapter 502, article 13, section 10, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The limitation imposed upon the levy of the city of Breezy Point by Minnesota Statutes, section 275.11, is increased by (\$125,000) \$175,000 for taxes levied in (1984) 1986 and thereafter.

Sec. 4. [REVERSE REFERENDUM.]

If the Breezy Point city council proposes to increase the levy limit base of the city pursuant to section 3, it shall pass a resolution stating the amount by which the levy limit base is proposed to be increased. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the proposed increase. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or, in the alternative, adopt a resolution authorizing the increase as originally proposed or approving an increase in the lesser amount it determines. The resolution authorizing an increase shall be published in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a referendum on the proposed resolution is filed with the clerk, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution is in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to October of the first levy year in which the tax authorized under section 3 is proposed to be levied.

Sec. 5. [AITKIN COUNTY; RETAIL RURAL ELECTRIC COOPERATIVE ASSOCIATION.]

A person who has paid tax on electricity used in agricultural production that is exempt from taxation under section 297A.25, subdivision 1, clause (h), may file a claim for refund with the commissioner if the tax was paid to the retail rural electric cooperative association based in Aitkin county.

Sec. 6. [MCGREGOR; LIBRARY; JOINT FINANCING.]

The city of McGregor may agree with one or more of the towns or home rule charter or statutory cities located in Aitkin county or the county itself that the local government units making the agreement will subject taxable property within their boundaries to taxation to discharge debt incurred for the construction of a library and related facilities in the city of McGregor pursuant to Laws 1985, chapter 138, section 4. The portion of the debt to be discharged by taxation in each unit may be set by agreement or a single rate may be levied against all subject property or, by agreement, both methods may be used in part. A unit may also agree to discharge a portion of the costs of construction or debt incurred for the costs by a transfer of any money available to the unit that the unit is not obliged by law to use for some other purpose. Any joint powers agreement entered between the city of McGregor and any town located in Aitkin county to finance the McGregor library construction must be approved at the annual town meeting by the town electors of the town before the agreement may be entered. Obligations for the purpose may be issued without an election and shall not be subject to the general limit on net debt. In other respects, the debt shall be incurred and discharged in accordance with Minnesota Statutes, chapter 475.

Sec. 7. [LAND EXCHANGE AUTHORIZED.]

Notwithstanding Minnesota Statutes, section 94.343, subdivision 9, and the appraisal requirement under section 94.343, subdivision 3, the state of Minnesota may exchange certain parcels or tracts of state-owned land located within Carlton county with the city of Thomson.

(a) State lands to be exchanged are described as:

(1) All of the unplatted portion of Government Lot 1 lying northerly and easterly of that strip of land deeded to the Village of Thomson by the Northern Pacific Railway Company, November 18, 1940, and recorded February 5, 1941, as document #101684 and on May 13, 1938, and recorded May 21, 1938, as document #96017; southerly of the former Burlington Northern, Inc.'s St. Paul to Duluth Branch right-of-way and easterly of the right-of-way of Minnesota Highway 210, in section 8, Township 48N, Range 16W.

(2) Lots 1 to 16, both inclusive, and Lot 21 of Block 5 and Lots 3, 4, 8 and 9 of Block 4 in the Townsite of Thomson, ac-

cording to the plat thereof on file in the Office of the Recorder of Deeds of Carlton County, Minnesota.

(3) Those portions of Lots 17 to 20, both inclusive, 22 and 23 in Block 5 in the Townsite of Thomson, lying southerly of a line 75 feet northerly at right angles and parallel with the centerline of former Burlington Northern, Inc.'s St. Paul to Duluth Branch main line railroad track.

(4) That portion of a 20 foot wide north and south alley between Block 5 and Block 4 in the Townsite of Thomson that lies southerly of a line 75 feet northerly at right angles and parallel with the centerline of former Burlington Northern, Inc.'s St. Paul to Duluth Branch main line railroad track and northerly of the easterly projection of the southerly line of Lot 8 of Block 4 in the Townsite of Thomson.

(5) The South 85 feet of Lots 24 to 46, both inclusive, of Block 5, in the Townsite of Thomson.

(6) The North Half (N 1/2) of vacated Otter Avenue lying between the Southerly extension of the East and West lines of said Block 5, in the Townsite of Thomson.

(b) City lands to be exchanged are described as:

(1) A strip of land two hundred (200) feet wide in Government Lot One (1), Section eight (8), Township forty-eight (48) North, Range sixteen (16) West, 4th P.M., said strip being one hundred (100) feet wide on each side of the centerline of the original main track of the Lake Superior and Mississippi Railroad Company Fond Du Lac Branch as formerly constructed but now removed, and extending from the east line of said Government Lot one (1) to a westerly production of the north line of Block one (1) Original Town of Thomson, according to the recorded plat thereof.

(2) A strip of land fifty (50) feet wide on the northeasterly side of and adjoining the two hundred (200) foot strip above described, extending from a westerly production of the north line of said Block one (1) to a line drawn at right angles to the northeasterly line of the two hundred (200) foot strip above described from a point therein distant two hundred thirty-five (235) feet northwesterly, measured along said northeasterly line, from the east line of said Government Lot one (1).

(3) A strip of land 250 feet wide in Government Lot 1, said strip lying between two lines drawn parallel with and distant 150 feet northeasterly and 100 feet southwesterly, measured at right angles, from the centerline of the original main track of the Lake Superior and Mississippi Railroad Company Fond Du Lac Branch as formerly constructed but now removed, and extending from a line drawn parallel with and distant 100 feet southerly,

measured at right angles, from the centerline of the main track of the Northern Pacific Railway Company's St. Paul to Duluth Line as now constructed and operated to a westerly projection of the north line of Block 1, Original Town of Thompson, according to the recorded plat thereof.

This section is effective the day after final enactment.

Sec. 8. [DEFINITIONS.]

Subdivision 1. For the purpose of sections 8 to 18, the terms defined in this section have the following meanings.

Subd. 2. "City" means the city of Cambridge or the city of Lindstrom.

Subd. 3. "Special services" means all services rendered or contracted for by the city, including, but not limited to:

(a) the repair, maintenance, operation, and construction of any improvements authorized by Minnesota Statutes, section 429.021;

(b) parking services rendered or contracted for by the city; and

(c) any other service provided to the public by the city that is authorized by law or charter provision.

Special services do not include any service that is ordinarily provided throughout the city from general fund revenues of the city unless an increased level of the service is provided in the special service district.

Subd. 4. "Special service district" means a defined area within the city where special services are rendered and the costs of the special services are paid from revenues collected from taxes and service charges imposed within that area.

Subd. 5. "Assessed value" means the assessed value as most recently certified by the commissioner of revenue before the effective date of the ordinance or resolution adopted pursuant to section 9 or 10.

Subd. 6. "Land area" means the land area in the district which is subject to property taxation.

Sec. 9. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a special service district. Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a district. The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include:

- (a) the time and place of hearing;*
- (b) a map showing the boundaries of the proposed district; and*
- (c) a statement that all persons owning property in the proposed district will be given opportunity to be heard at the hearing.*

Subd. 2. [NOTICE.] Notice of the hearing shall be given by publication in two issues of the official newspaper of the city. The two publications shall be a week apart and the hearing shall be held at least three days after the last publication. Not less than ten days before the hearing, notice shall also be mailed to the owner of each parcel within the area proposed to be included in the district. For the purpose of giving mailed notice, owners shall be those shown on the records of the county auditor. Other records may be used to supply the necessary information. For properties which are tax exempt or subject to taxation on a gross earnings basis in lieu of property tax and are not listed on the records of the county auditor, the owners shall be ascertained by any practicable means and mailed notice given them. At the public hearing any person affected by the proposed district may be heard orally in respect to any issues relevant to the proposed district. The hearing may be adjourned from time to time and the ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

Sec. 10. [TAXING AUTHORITY; NOTICE AND HEARING REQUIREMENTS.]

Subdivision 1. [TAXES; HEARING.] Ad valorem taxes may be levied on taxable nonhomestead property or service charges may be imposed by the city within the special service district at a rate or amount sufficient to produce the revenues required to provide special services within the district. To determine the appropriate mill rate, nonhomestead taxable property or value shall be determined without regard to captured or original assessed value under Minnesota Statutes, section 273.76. Taxes and service charges shall not be imposed to finance a special service if the service is ordinarily provided by the city

from its general fund revenues unless the service is provided in the district at an increased level, in which case only an amount sufficient to pay for the increased level may be imposed. A service charge shall not be imposed on the receipts from the sale of intoxicating liquor, food, or lodging. Before the levy of taxes or imposition of service charges in a district, for each calendar year, notice shall be given and hearing shall be held pursuant to section 9 and notice shall also be mailed to any individual or business organization subject to a service charge. For purposes of this section the notice shall also include:

(a) A statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed tax levy or service charge.

(b) The estimated cost of improvements to be paid for in whole or in part by taxes or service charges imposed pursuant to this section, the estimated cost of operating and maintaining the improvements during the first year after completion of the improvements, the proposed method and source of financing the improvements, and the annual cost of operating and maintaining the improvements.

(c) The proposed rate or amount of taxes to be extended or the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year.

(d) A statement that the petition requirements of section 15 have either been met or do not apply to the proposed taxes or service charge.

Within six months of the public hearing, the city may adopt a resolution levying a tax or imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued pursuant to this section.

Subd. 2. [EXEMPTION OF CERTAIN PROPERTIES FROM TAXES.] *Property exempted from taxation by Minnesota Statutes, section 272.02, is exempt from any ad valorem taxes imposed pursuant to sections 8 to 18.*

Subd. 3. [LEVY LIMIT EXEMPTION.] *Taxes and service charges imposed pursuant to sections 8 to 18 shall not be included in the calculation of levies or limits on levies provided by other law or home rule charter provision.*

Subd. 4. [EXCLUSION FROM HOMESTEAD CREDIT.] *Taxes levied under this section shall not be reduced by a homestead credit.*

Sec. 11. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]

Boundaries of a special service district may be enlarged only after hearing and notice as provided in sections 9 and 10. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district. The petition requirement in section 15 and the veto power in section 16 shall only apply to owners, individuals, and business organizations in the area proposed to be added to the district.

Sec. 12. [COLLECTION OF TAXES.]

Ad valorem taxes levied within a special service district shall be collected and paid over as other ad valorem taxes, but shall be spread only upon the assessed value of property described in the ordinance. Service charges imposed shall be collected as provided by ordinance. Taxes collected pursuant to sections 8 to 18 shall not be included in computations under Minnesota Statutes, section 273.76, or any other law that applies to general ad valorem levies.

Sec. 13. [BONDS.]

At any time after a contract for the construction of all or part of an improvement authorized pursuant to sections 8 to 18 has been entered into or the work has been ordered done by day labor, the governing body of the city may issue obligations including certificates of indebtedness in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing. The obligations shall be payable primarily out of the proceeds of the tax levied pursuant to section 10, or from any other special assessment or nontax revenues available to be pledged for their payment under charter or other statutory authority, or from any two or more of such sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the municipality to assure payment of the principal and interest if the proceeds of the tax levy in the district are insufficient to pay the principal and interest. The amount of any taxes that are required to be levied outside of the territory of the special services district or taken from the general funds of the municipality to pay principal and interest on the obligations shall be reimbursed to the municipality from taxes levied within the special services district. The obligations shall be issued in accordance with Minnesota Statutes, chapter 475, except that an election shall not be required, and the amount of the obligations shall not be included in determining the net debt of the city under the provisions of any law or charter limiting debt.

Sec. 14. [ADVISORY BOARD.]

The governing body of the city may create and appoint an advisory board for each special service district in the city to advise the governing body in connection with the construction, maintenance, and operation of improvements, and the furnishing of special services in a district. The advisory board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose taxes or service charges within the district, the advisory board of the district shall have an opportunity to review and comment upon the proposal.

Sec. 15. [PETITION REQUIRED.]

No action may be taken pursuant to section 9 unless owners of 15 percent or more of the land area of the proposed special service district and owners of 15 percent or more of the assessed value of the proposed district file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken pursuant to section 10 to impose an ad valorem tax unless owners of 15 percent or more of the land area subject to a proposed tax and owners of 15 percent or more of the assessed value subject to a proposed tax file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken pursuant to section 10 to impose a service charge unless 15 percent or more of the individual or business organizations subject to the proposed service charge file a petition requesting a public hearing on the proposed action with the city clerk. If the boundaries of a proposed district are changed or the land area or assessed value subject to a tax or the individuals or business organizations subject to a service charge are changed after the public hearing, a petition meeting the requirements of this section must be filed with the city clerk before the ordinance establishing the district or resolution imposing the tax or service charge may become effective.

Sec. 16. [VETO POWER OF OWNERS.]

Subdivision 1. [NOTICE OF RIGHT TO FILE OBJECTIONS.] Except as provided in section 17, the effective date of any ordinance or resolution adopted pursuant to sections 9 and 10 shall be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a copy of the ordinance or resolution shall be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge in the same manner that notice is mailed pursuant to section 9. The mailing shall include a notice that owners subject to a tax and individuals and business organizations subject to a service charge have a right to veto the ordinance or resolution by filing the required number

of objections with the city clerk before the effective date of the ordinance or resolution.

Subd. 2. [REQUIREMENT FOR VETO.] If owners of 35 percent of the land area in the district and owners of 35 percent of the assessed value in the district file an objection to the ordinance adopted by the city pursuant to section 9 with the city clerk before the effective date of the ordinance, the ordinance shall not become effective. If owners of 35 percent of the land area subject to a tax and owners of 35 percent of the assessed value subject to a tax file an objection to the resolution adopted levying an ad valorem tax pursuant to section 10 with the city clerk before the effective date of the resolution, the resolution shall not become effective. If 35 percent of individuals and business organizations subject to a service charge file an objection to the resolution adopted imposing a service charge pursuant to section 10 with the city clerk before the effective date of the resolution, the resolution shall not become effective.

Sec. 17. [EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.]

The petition requirement of section 15 and the right of owners and those subject to a service charge to veto a resolution in section 20 do not apply to second or subsequent years' applications of a tax or service charge which is authorized to be in effect for more than one year pursuant to a resolution which has met the petition requirements of section 15 and which has not been vetoed under section 20 for the first year's application. A resolution levying a tax or imposing a service charge for more than one year shall not be adopted unless the notice of public hearing required by section 10 and the notice mailed with the adopted resolution pursuant to section 16 include the following information:

(a) In the case of improvements, the maximum rate or amount of taxes to be levied or the maximum service charge to be imposed in any year and the maximum number of years the taxes will be levied or service charges imposed to pay for the improvement.

(b) In the case of operating and maintenance services, the maximum rate or amount of taxes to be levied or the maximum service charge to be imposed in any year and the maximum number of years, or a statement that the tax will be imposed for an indefinite number of years, the taxes will be levied or service charges imposed to pay for operation and maintenance services.

The resolution may provide that the maximum amount of tax to be levied or maximum service charge to be imposed in any year will increase or decrease from the maximum amount authorized in the preceding year based on an indicator of increased cost or a percentage amount established by the resolution.

Sec. 18. [REPORT TO LEGISLATURE.]

The administrator of the city shall file a written report with the chairman of the house local and urban affairs committee and the chairman of the senate local and urban government committee on or before January 31, 1987. The report shall apprise the committee as to the activities undertaken pursuant to sections 8 to 18 and recommend any changes that should be considered if the legislature were to enact statewide legislation for the establishment of special service districts.

Sec. 19. Minnesota Statutes 1984, section 375.09, is amended to read:

375.09 [MAY NOT HOLD OTHER OFFICE; (NO INTEREST IN CONTRACT) BRIBERY; VIOLATION; MALFEASANCE.]

No county commissioner shall (BE APPOINTED OR) *hold another* elected (BY THE BOARD OF WHICH HE IS A MEMBER TO ANY) office (OR POSITION OF TRUST OR EMOLUMENT) *during tenure as commissioner* nor be employed by the county in which he is a commissioner. No commissioner shall receive any money or other valuable thing as a condition of voting or inducement to vote for any contract or other thing under consideration by the board (, OR BECOME A PARTY TO, OR DIRECTLY OR INDIRECTLY INTERESTED IN, ANY CONTRACT MADE BY THE BOARD). Every (APPOINTMENT OR) election (MADE) and every contract or payment voted for or made contrary to this section is void. Any violation of this section is a malfeasance in office.

Sec. 20. Minnesota Statutes 1984, section 375.18, subdivision 7, is amended to read:

Subd. 7. [TRANSFER OF SURPLUS.] Each county board may transfer by (UNANIMOUS) *a majority* vote any surplus beyond the needs of the current year in any county fund to any other county fund to supply a deficiency in it.

Sec. 21. [375.84] [PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.]

A county may make advance deposits or payments for software development or maintenance services for county-owned or leased electronic data processing equipment and for newspaper, magazine, and other subscription fees customarily paid for in advance, and may allow advance deposits by any department or agency of the county with the Library of Congress and federal Supervisor of Documents for items to be purchased from these federal agencies.

Sec. 22. [375.85] [COUNTIES MAY MARKET SOFTWARE PRODUCTS.]

Notwithstanding any other law to the contrary, a county or group of counties acting jointly under section 471.59 may sell or license self-developed or vendor custom-developed computer software products or systems either on competitive bids or in the open market, in the discretion of the county or joint powers board. Prices for the software products or systems may be based on market considerations. A county or group of counties may make agreements with private persons or entities to assist with marketing software products or systems.

Sec. 23. [375.86] [APPLICATION OF OTHER LAW.]

Subdivision 1. [NONPUBLIC DATA.] County software product programming source code, object code, and all material relating to product or system development and distribution is "trade secret information" for purposes of classification under section 13.37, subdivision 2.

Sec. 24. Minnesota Statutes 1984, section 375A.11, subdivision 3, is amended to read:

Subd. 3. [VACANCIES IN CERTAIN ELECTIVE OFFICES.] (a) If any of the offices of county auditor, treasurer or county recorder shall become vacant before the expiration of the term for the office, a county board may appoint either of the holders of the other two offices to fill the vacancy for the unexpired term. The board may provide additional compensation for the added duties imposed on the appointee by virtue of his holding two offices for that period. *If the office of county auditor or treasurer becomes vacant, the county board may initiate a referendum by resolution to consolidate the two offices into one elected office. The referendum shall be conducted according to section 375A.12, subdivisions 4 and 5.*

(b) The authority granted by clause (a) of this subdivision shall be in addition to the authorities granted by existing law or statute and by the provisions of sections 375A.01 to 375A.13 relating to consolidation and appointment of county offices; the authority granted by this subdivision may be exercised notwithstanding any prohibitions against the holding of two offices that may exist in the laws or statutes of this state.

Sec. 25. Minnesota Statutes 1984, section 375A.12, subdivision 3, is amended to read:

Subd. 3. [REFERENDA; PROCEDURE.] Any referendum required to be held as a condition of the adoption of an option may be initiated by a resolution by the county board, a recommendation of a county government study commission or a peti-

tion signed by voters equal in number to five percent of the electors voting at the last previous election for the office of governor requesting that a referendum be held on the adoption of one or more of the options provided in sections 375A.01 to 375A.10. (UNLESS THE REFERENDUM IS A RECOMMENDATION OF THE STUDY COMMISSION) *If a study commission has been established*, a referendum on an option may not be initiated by a resolution of the county board or a petition of voters until after the study commission has completed its study provided for in section 375A.13, subdivision 3.

Sec. 26. Minnesota Statutes 1984, section 375A.12, subdivision 4, is amended to read:

Subd. 4. [CONDUCT OF ELECTION.] When a referendum is required to be held, the county auditor shall conduct the referendum following the procedures provided in chapter 372, as nearly as possible and not inconsistent with sections 375A.01 to 375A.10 (, EXCEPT, INSTEAD OF THE COUNTY BOARD MEETING TO ACT ON THE PETITION, A COMMITTEE CONSISTING OF THE PERSONS WHO CONSTITUTE A JURY COMMISSION AS PROVIDED IN SECTION 593.13, SHALL MEET AND ACT ON THE PETITION). The referendum may be held at any primary, general or special election held not less than 30 days before the first day on which candidates may file for county office.

Sec. 27. Minnesota Statutes 1984, section 383C.17, is amended to read:

383C.17 [COURTHOUSE BUILDING COMMISSION.]

(NOTWITHSTANDING THE PROVISIONS OF MINNESOTA STATUTES 1961, SECTIONS 394.01 TO 394.05,) In St. Louis County, the courthouse building commission shall have the authority to assign and reassign space and rooms to the various offices in the courthouses and county office buildings in said county.

Sec. 28. Minnesota Statutes 1985 Supplement, section 386.77, is amended to read:

386.77 [CONVEYANCES AND DOCUMENTS FOR BENEFIT OF GOVERNMENTAL AGENCIES, FEES.]

An instrument of conveyance, assignment or release, a judgment or other document, which is entitled to recording or filing, and which by its terms is for the benefit of the state or any county, city or town, shall be recorded or filed by any county recorder or registrar of titles without the payment of fees when offered for filing or recording by the state or any of its agencies, or by the benefited subdivision. The fee for the recording or filing shall be

paid by the state, its agency, or by the benefited subdivision, *but not by another department or agency of that county*, upon submission of a statement of charges by the county recorder or registrar of titles.

Sec. 29. [REPEALER.]

Minnesota Statutes 1984, sections 394.01, 394.02, 394.03, 394.04, and 394.05 are repealed.

Sec. 30. Minnesota Statutes 1984, section 465.72, is amended to read:

465.72 [SEVERANCE PAY.]

Subdivision 1. [PAYMENT; LIMITS.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, any county, city, township, school district or other governmental subdivision may pay severance pay to its employees and promulgate rules for the payment of severance pay to an employee who leaves employment on or before or subsequent to the normal retirement date. Severance pay shall also include the payment of accumulated vacation leave, accumulated sick leave or a combination thereof. The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits. It shall be paid in a manner mutually agreeable to the employee and employer and, except as provided in subdivision 2, over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. Except as provided in subdivision 2, in no event shall severance pay provided for an employee leaving employment exceed an amount equivalent to one year of pay.

Subd. 2. [EXCEPTIONS.] The provisions of subdivision 1 requiring that severance pay be paid over a period not to exceed five years from retirement or termination of employment and limiting severance pay to an amount equal to one year of pay do not apply to severance pay constituting compensation for accumulated sick leave in the form of periodic contributions toward premiums for group insurance policies provided for a former employee by a governmental subdivision.

This subdivision applies only to periodic contributions that have commenced before the effective date of this act or that are required under contracts, or, with respect to employees not covered by contracts, personnel policies, formally adopted by the governing body of the governmental subdivision, in existence on the effective date of this act. After the effective date of this act, a governmental subdivision may not enter into a contract or adopt a personnel policy providing for a payment in violation of subdivi-

vision 1. A personnel policy or portion of a personnel policy in existence on the effective date of this act and providing for a payment in violation of subdivision 1 is null and void (i) upon the expiration of a collective bargaining agreement containing a similar provision and covering employees of the governmental subdivision that has adopted the policy, or (ii) two years from the effective date of this act, whichever is earlier. Any payments by governmental subdivisions in accordance with this subdivision before the effective date of this act are validated.

Sec. 31. [EFFECTIVE DATE.]

Section 19 does not become effective for any county commissioner currently holding two elected offices until the term of one of the offices expires.

Sec. 32. [EFFECTIVE DATE.]

Sections 1, 2, 3, 4, 5, and 6 are effective the day following final enactment. Sections 8 to 18 are effective separately for each of the cities of Cambridge and Lindstrom the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 2

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 includ-

ing, 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 13 to 33*, 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 13 to 33*.

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 13 to 33*, 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 prop-

erty 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 13 to 33*, 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 13 to 33*; 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 25, 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 revenues shall be used solely for the following purposes: (a) to pay the prin-

cipal 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 13 to 33*, 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 25, 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 13 to 33.*

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 13 to 33, 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. [458.101] [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. 13. [458C.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] In sections 13 to 33, 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. 14. [458C.03] [ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.]

A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 16, establish an economic development authority that, subject to section 15, has the powers contained in sections 13 to 33 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. 15. [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 13 to 33, 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 debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness 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 15.

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. 16. [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. 17. [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 bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

Sec. 18. [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. 19. [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 16 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 16.*

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 com-*

missioner 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. 20. [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 be 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. 21. [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 13 to 33.

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. 22. [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. 23. [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. 24. [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 13 to 33, 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.

Subd. 6. [COMPLIANCE EXAMINATIONS.] 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.

Sec. 25. [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 if the district satisfies the requirements of section 273.73, subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 13 to 33 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 13 to 33. It may hold and dispose of the property subject to the limits and conditions in sections 13 to 33. 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 13 to 33. 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 13 to 33. 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 13 to 33 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 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 13 to 33.

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 13 to 33 or 462.411 to 462.705. The authority may also use the powers and duties in sections 13 to 33 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. 26. [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 13 to 33. 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 13 to 33 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, and issuance of the bonds is subject to the provisions of chapter 475.*

Subd. 2. [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 20 years from the date of issuance.*

Subd. 3. [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. 4. [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. 5. [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 prin-*

cipal 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. 6. [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. 27. [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 20 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 26, subdivision 6, 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 26, 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 26 are subject to the provisions of section 273.77.

Sec. 28. [458C.17] [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]

Sections 474.16 to 474.23 apply to obligations issued under sections 13 to 33 that are limited by a federal limitation act defined in section 474.16, subdivision 5.

Sec. 29. [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 13 to 33 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 13 to 33.

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 26 or 27 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 27 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. 30. [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 13 to 33.

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 13 to 33 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. 31. [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 13 to 33. 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 13 to 33 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 27. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 13 to 33 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. 32. [458C.22] [CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.]

Subdivision 1. [CITY TAX LEVY.] *A city may, 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. [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. The election must be held pursuant to the procedure specified in section 275.58.

Sec. 33. [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 13 to 33. If the election is made, the powers and duties set forth in sections 13 to 33 supersede the special law and the special law must not be used anymore. The use of powers under sections 13 to 33 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 17.

Sec. 34. [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 13 to 33.

Sec. 35. 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 redevelopment authority in and for a city, (OR) the port authority of a city, *or an economic development authority of a city established under sections 13 to 33*, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

Sec. 36. 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 25.*

Sec. 37. 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 13 to 33 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. 38. 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. 39. 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. 40. 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. 41. 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 13 to 33*, 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. 42. 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 13 to 33*; 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. 43. 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 13 to 33*, 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. 44. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public administration; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; permitting Aitkin county to levy a tax for development purposes; permitting the city of Breezy Point to increase its levy; providing for certain tax refunds in Aitkin county; permitting the establishment and providing for the powers and duties of economic development authorities; permitting an agreement to finance library construction in the city of McGregor; permitting a land exchange; permitting the establishment of special service

districts in the cities of Cambridge and Lindstrom; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; 383C.17; 462C.02, subdivisions 6 and 9; 465.72; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.75, subdivision 4; 353.01, subdivision 2a; 386.77; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapters 375 and 458; and proposing coding for new law as Minnesota Statutes, chapter 458C; repealing Minnesota Statutes 1984, sections 394.01; 394.02; 394.03; 394.04; and 394.05."

We request adoption of this report and repassage of the bill.

Senate Conferees: FLORIAN CHMIELEWSKI, BETTY A. ADKINS and JIM GUSTAFSON.

House Conferees: PAUL ANDERS OGREN, BEN BOO and LYNN H. BECKLIN.

Ogren moved that the report of the Conference Committee on S. F. No. 1793 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

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

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

There were 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Boerboom	Dempsey	Frederickson	Himle
Anderson, R.	Brandl	DenOuden	Frerichs	Jacobs
Backlund	Brinkman	Dimler	Greenfield	Jaros
Battaglia	Brown	Dyke	Gruenes	Johnson
Beard	Burger	Elioff	Gutknecht	Kalis
Becklin	Carlson, D.	Ellingson	Halberg	Kelly
Begich	Carlson, L.	Erickson	Hartinger	Kiffmeyer
Bennett	Clark	Fjoslien	Hartle	Knickerbocker
Bishop	Clausnitzer	Forsythe	Haukoos	Knuth
Blatz	Cohen	Frederick	Heap	Kostohryz

Krueger	Nelson, D.	Piper	Schoenfeld	Tomlinson
Kvam	Nelson, K.	Poppenhagen	Schreiber	Tompkins
Levi	Neuenschwander	Price	Seaberg	Tunheim
Lieder	Norton	Quinn	Segal	Uphus
Long	O'Connor	Quist	Shaver	Va'an
Marsh	Ogren	Redalen	Sherman	Vanasek
McDonald	Olsen, S.	Rees	Simoneau	Vellenga
McEachern	Olson, E.	Rest	Skoglund	Voss
McKasy	Omann	Rice	Solberg	Waltman
McLaughlin	Onnen	Richter	Sparby	Weile
McPherson	Osthoff	Riveness	Stanisus	Wenzel
Metzen	Otis	Rodosovich	Staten	Wynia
Miller	Ozment	Rose	Sviggum	Spk. Jennings, D.
Minne	Pappas	Sarna	Thiede	
Munger	Peterson	Schafer	Thorson	
Murphy	Piepho	Scheid	Tjornhom	

Those who voted in the negative were:

Zaffke

The bill was repassed, as amended by Conference, and its title agreed to.

MOTIONS AND RESOLUTIONS

Kelly moved that the names of Cohen and Norton be added as authors on House Concurrent Resolution No. 13. The motion prevailed.

Carlson, D., moved that the name of Stanisus be added as an author on H. F. No. 1015. The motion prevailed.

Backlund moved that his name be stricken as an author on H. F. No. 2037. The motion prevailed.

Clausnitzer moved that the name of Boo be added as an author on H. F. No. 2391. The motion prevailed.

Thorson moved that the name of Zaffke be shown as chief author and Thorson be shown as second author on H. F. No. 2406. The motion prevailed.

Sarna and Kahn introduced:

House Resolution No. 53, A house resolution congratulating Holy Cross Catholic Church upon its centennial.

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

Forsythe introduced:

House Resolution No. 54, A house resolution congratulating the boys swimming and diving team from Edina High School for winning the 1986 Boys State High School Swimming and Diving Championship.

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

Redalen introduced:

House Resolution No. 55, A house resolution congratulating the Tigers boys basketball team from Peterson High School for winning the 1986 Class A Boys State High School Region 1 Basketball Championship.

SUSPENSION OF RULES

Redalen moved that the rules be so far suspended that House Resolution No. 55 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE RESOLUTION NO. 55

A house resolution congratulating the Tigers boys basketball team from Peterson High School for winning the 1986 Class A Boys State High School Region 1 Basketball Championship.

Whereas, competitive sports in our high schools are helpful in teaching the principles of sportsmanship and fair play to our high school students, thereby contributing to better citizenship; and

Whereas, high school sports promote vigorous good health of the participants; and

Whereas, the Tigers from Peterson High School participated in the Class A Region 1 Tournament; and

Whereas, the Tigers as a team made an outstanding and determined effort to win the final game of the Region 1 tournament; and

Whereas, the Tigers won the 1986 Class A Region 1 Basketball Championship; and

Whereas, Peterson High School has only 49 students in grades 10 to 12 with a senior class of 17 of whom ten are on the basketball team; and

Whereas, Peterson High School's players and fans have exhibited outstanding sportsmanship, skill, and desire throughout the season; *Now, Therefore*,

Be It Resolved by the House of Representatives of the State of Minnesota that congratulations are extended to the Tigers of Peterson High School on the accomplishments, skill, and determination of their boys basketball team and to the team's fans. In particular, congratulations are extended to team members Tony Atkinson, Steve Agrimson, Darren Boyum, Tim Flynn, Bruce Gudmundson, Mark Honsey, Jim Hildebrand, Steve Gorder, Garrick Larson, Pat Lee, Mike Lee, Ricky Olson, David Semmen, and Tim Skalet, team managers Travis Skalet and Toby Hatlevig, and to coaches Terry Highum and Terry Pelzl.

Be It Further Resolved that the Chief Clerk of the House of Representatives is instructed to prepare an enrolled copy of this resolution to be authenticated by his signature and that of the Speaker and transmit it to the principal of Peterson High School.

Redalen moved that House Resolution No. 55 be now adopted. The motion prevailed and House Resolution No. 55 was adopted.

Cohen, Vellenga and Knuth introduced:

House Resolution No. 56, A house resolution congratulating the Scots girls basketball team from Highland Park High School for winning the 1986 Class AA Girls State Runner-up Championship.

SUSPENSION OF RULES

Cohen moved that the rules be so far suspended that House Resolution No. 56 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE RESOLUTION NO. 56

A house resolution congratulating the Scots girls basketball team from Highland Park High School for winning the 1986 Class AA Girls State High School Basketball Runner-up Championship.

Whereas, competitive sports in our high schools are helpful in teaching the principles of sportsmanship and fair play to our high school students, thereby contributing to better citizenship; and

Whereas, high school sports promote vigorous good health of the participants; and

Whereas, the Scots from Highland Park High School participated in the Class AA Girls State Tournament as one of just eight teams from among the many teams that originally participated in the tournament; and

Whereas, the Scots won the Region 3 AA championship; and

Whereas, the Scots as a team made an outstanding and determined effort to win the final game of the tournament; and

Whereas, the Scots won the 1986 Class AA Girls Basketball State Runner-up Championship; and

Whereas, the Scots finished the year with an outstanding 22 and 3 win-loss record; and

Whereas, Highland Park High School's players and fans have exhibited outstanding sportsmanship, skill, and desire throughout the season; *Now, Therefore*,

Be It Resolved by the House of Representatives of the State of Minnesota that congratulations are extended to the Scots of Highland Park High School on the accomplishments, skill, and determination of their girls basketball team and to the team's coach, and to the team's fans.

Be It Further Resolved that the Chief Clerk of the House of Representatives is instructed to prepare an enrolled copy of this resolution to be authenticated by his signature and that of the Speaker and transmit it to the principal of Highland Park High School.

Cohen moved that House Resolution No. 56 be now adopted. The motion prevailed and House Resolution No. 56 was adopted.

Vanasek moved that the House now consider the Conference Committee Report on H. F. No. 1815. The Speaker ruled the Vanasek motion out of order.

MOTION TO ADJOURN SINE DIE

Levi moved that the House adjourn sine die.

A roll call was requested and properly seconded.

POINT OF ORDER

Levi raised a point of order pursuant to section 126 of "Mason's Manual of Legislative Procedure," relating to complaints against the presiding officer. The Speaker ruled the point of order well taken.

The question was taken on the Levi motion to adjourn sine die and the roll was called.

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

There were 68 yeas and 26 nays as follows :

Those who voted in the affirmative were :

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

Those who voted in the negative were :

Anderson, G.	Kalis	McLaughlin	Rest	Sparby
Beard	Kelly	Norton	Rodosovich	Staten
Carlson, L.	Knuth	Osthoff	Scheid	Tunheim
Cohen	Kostelnyz	Peterson	Schoenfeld	Welle
Greenfield	Lieder	Price	Simoneau	Wynia
Kahn				

The motion prevailed and the Speaker declared the House adjourned sine die.

EDWARD A. BURDICK, Chief Clerk, House of Representatives