

STATE OF MINNESOTA

SEVENTY-FIFTH SESSION—1987

TWENTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MARCH 26, 1987

The House of Representatives convened at 2:00 p.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by Pastor Daniel Buendorf, First Lutheran Church, Litchfield, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Frerichs	Larsen	Orenstein	Segal
Anderson, R.	Greenfield	Lasley	Osthoff	Shaver
Battaglia	Gruenes	Lieder	Otis	Simoneau
Bauerly	Gutknecht	Long	Ozment	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanisus
Bertram	Himle	McKasy	Peterson	Steensma
Bishop	Hugoson	McLaughlin	Poppenhagen	Sviggum
Blatz	Jacobs	McPherson	Price	Swenson
Boo	Jaros	Milbert	Quinn	Thiede
Brown	Jefferson	Miller	Quist	Tjornhom
Burger	Jennings	Minne	Redalen	Tompkins
Carlson, D.	Jensen	Morrison	Reding	Trimble
Carlson, L.	Johnson, A.	Murphy	Rest	Tunheim
Carruthers	Johnson, R.	Nelson, C.	Rice	Uphus
Clark	Johnson, V.	Nelson, D.	Richter	Valento
Clausnitzer	Kahn	Nelson, K.	Rodosovich	Vanasek
Cooper	Kalis	Neuenschwander	Rose	Vellenga
Dauner	Kelly	O'Connor	Rukavina	Voss
DeBlicke	Kelso	Ogren	Sarna	Wagenius
Dempsey	Kinkel	Olsen, S.	Schafer	Waltman
Dille	Kludt	Olsen, E.	Scheid	Welle
Dorn	Knickerbocker	Olsen, K.	Schoenfeld	Wenzel
Forsythe	Knuth	Omann	Schreiber	Winter
Frederick	Kostohryz	Onnen	Seaberg	Wynia
				Spk. Norton

A quorum was present.

Krueger, Munger and Riveness were excused.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 424, 447, 558, 603, 653, 735, 342, 545, 591, 721, 189, 294, 354, 542 and 554 and S. F. Nos. 480, 529, 403, 470, 457, 482, 499, 365, 673, 131, 322, 409, 406, 456, 653, 282, 306, 38, 117 and 245 have been placed in the members' files.

S. F. No. 529 and H. F. No. 558, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dauner moved that S. F. No. 529 be substituted for H. F. No. 558 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 653 and H. F. No. 757, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Segal moved that the rules be so far suspended that S. F. No. 653 be substituted for H. F. No. 757 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 306 and H. F. No. 729, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Schreiber moved that the rules be so far suspended that S. F. No. 306 be substituted for H. F. No. 729 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Beginch from the Committee on Labor-Management Relations to which was referred:

H. F. No. 42, A bill for an act relating to employment; regulating substance abuse testing of employees and job applicants; establishing certification program of substance abuse testing facilities; ap-

appropriating money; proposing coding for new law in Minnesota Statutes, chapters 181 and 299C.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [181.94] [DEFINITIONS.]

Subdivision 1. [WORDS, TERMS, AND PHRASES.] Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases for the purposes of sections 1 to 7 shall have the meanings given them in this section.

Subd. 2. [ALCOHOL.] "Alcohol" means distilled spirits, wine, malt beverages, intoxicating liquors, and ethyl alcohol (ethanol).

Subd. 3. [CONTROLLED SUBSTANCE.] "Controlled substance" is as defined in section 152.01.

Subd. 4. [EMPLOYEE.] "Employee" means any person who performs services within the state, for an employer, including full-time and part-time employees. Employee also includes an independent contractor and an employee of an independent contractor hired to perform services for another employer.

Subd. 5. [EMPLOYER.] "Employer" means any person or entity located or doing business in this state and having one or more employees, and includes the state, county, town, city, school district, or other governmental subdivision. Employer does not include the United States government.

Subd. 6. [JOB APPLICANT.] "Job applicant" means any person who applies to perform services within the state, for an employer, including full-time and part-time employment, and includes individuals who have received offers of employment conditional on taking a drug test or physical examination.

Subd. 7. [DRUG TEST.] "Drug test" means urine or blood analysis or breath test for the purpose of measuring the presence or absence of controlled substances, their metabolites, or alcohol.

Subd. 8. [SAFETY-SENSITIVE POSITION.] "Safety-sensitive position" means a job in which an impairment caused by use of a controlled substance or alcohol would affect an individual's ability to safely perform the job or would threaten the safety of others.

Sec. 2. [181.95] [PROHIBITIONS.]

Subdivision 1. [EMPLOYEES; CONDITION OF EMPLOYMENT.] The employer is prohibited from requiring or requesting employees to submit to a drug test as a condition of employment, except as provided in section 3, subdivision 1.

Subd. 2. [EMPLOYEES; RANDOM TESTING.] The employer is prohibited from requesting, requiring, or conducting random, mandatory, or company-wide drug testing, including testing as part of a routine physical except as provided in section 3, subdivision 2.

Subd. 3. [JOB APPLICANTS.] The employer is prohibited from requiring or requesting job applicants to submit to drug testing, except as provided in section 3, subdivision 3.

Sec. 3. [181.96] [CONDITIONS OF EMPLOYER DRUG TESTING.]

Subdivision 1. [PERMISSIBLE TESTING OF EMPLOYEES.] The employer may require a specific employee to submit to a drug test, subject to the provisions of this section, if the following conditions are met:

(1) the employer has a reasonable suspicion, based on specific, objective facts and reasonable inferences drawn from those facts in light of experience, that the employee's faculties are impaired on the job; and

(2) the impairment would affect the employee's ability to safely perform the job or would threaten the safety of others.

Subd. 2. [PERMISSIBLE TESTING AS PART OF ROUTINE PHYSICAL EXAMINATIONS.] Employers may require employees in safety-sensitive positions to submit to drug testing, subject to the provisions of this section, as part of a routine physical examination where the examining physician determines that a drug test is necessary for a medical evaluation of the employee or there is a medical indication of drug use by the employee. An employee must be given 30 days advance notice before a physical if drug testing may be part of the physical.

Subd. 3. [PERMISSIBLE TESTING OF JOB APPLICANTS.] Employers may require job applicants for safety-sensitive positions to submit to drug testing, provided that the applicant has been offered the position and that the test is conducted under the provisions of this section.

If an independent contractor enters a contract to perform services, the independent contractor or the employees of an independent contractor may be tested as job applicants under this section before beginning work under the contract, if required by the contract.

Subd. 4. [TYPE OF TESTS.] The employer must ensure, to the extent feasible, that the drug tests measure only controlled substances, their metabolites, or alcohol. The employer may maintain and use information from only those tests that have been confirmed under subdivision 7 and that show the presence or absence of controlled substances, their metabolites, or alcohol.

No drug test other than urine or blood analysis or breath-testing is permitted.

Subd. 5. [PRIVACY.] No employee may be required to provide a urine sample while being observed by another individual.

Subd. 6. [USE OF QUALIFIED LABORATORIES.] Any employer requesting or requiring a job applicant or an employee to submit to a drug test for any controlled substance or their metabolites or alcohol shall use a laboratory that meets the following conditions:

(a) The director of the laboratory must possess a doctoral or masters degree in biological or medical science and at least three-years experience in an analytical toxicology laboratory. The director must be a full-time employee of the laboratory.

(b) The laboratory must have written testing procedures and procedures to assure clear chain of custody.

(c) All test results, including screening, confirmation, and quality control, must be reviewed by a qualified scientist who will certify the result as accurate. The test report shall identify the substances tested for and the result.

(d) Satisfactory performance in the proficiency testing program of the National Institute of Drug Abuse (NIDA). If this program is not operational, participation in the proficiency testing program of College of American Pathology or American Association for Clinical Chemistry.

No employer may perform the analysis of the drug tests of its own employees, except that one agency of the state may test the employees of another state agency.

Subd. 7. [CONFIRMATION OF TEST RESULTS.] (a) An employer shall not discharge, discipline, refuse to hire or otherwise discriminate against or penalize a job applicant or employee on the basis of a drug test for a controlled substance, or its metabolite, unless the results of the test are confirmed by a second test that uses a technology different from that used for the first test. The tests must employ a combination of methods using immuno-chemical technology or chromatography as a screening test, confirmed by gas chromatography/mass spectrometry, where that is the scientifically

accepted reference method of choice. Where gas chromatography/mass spectrometry is not the method of choice, the test must be confirmed by a method using some form of chromatography.

(b) An employer shall not discharge, discipline, refuse to hire or otherwise discriminate against or penalize a job applicant or employee on the basis of a drug test for alcohol using a breath-testing instrument unless the test is confirmed by a blood analysis.

Subd. 8. [WRITTEN POLICY.] (a) An employer shall not require an employee or job applicant to submit to drug testing except pursuant to a written policy, which shall be provided to job applicants who have been offered employment and employees upon adoption of the policy or when the individual is offered employment, if the policy was previously adopted.

(b) The drug testing policy must, at a minimum, set forth the following information:

(1) the employees or job applicants subject to testing under the policy;

(2) the circumstances that would give rise to drug testing;

(3) the right of an employee or job applicant to refuse testing and the consequences of a refusal;

(4) any disciplinary or other adverse personnel action that may be taken following a positive test result; and

(5) the procedures for explaining the test results; the right to a retest under section 4, subdivision 2; and any other appeals procedure.

Subd. 9. [NOTICE BEFORE TESTING.] At the time a test is administered, the employer must provide the employee or job applicant with a form to acknowledge that the employee or job applicant has seen the policy and to note any medication being taken by the employee or job applicant. The employer may require the subject of a drug test to sign a form verifying that the test specimen, in fact, came from the test subject.

Sec. 4. [181.97] [RIGHTS OF EMPLOYEES AND JOB APPLICANTS.]

Subdivision 1. [RESULTS OF TEST.] A job applicant or employee must be informed of a confirmed positive drug test. The job applicant or employee has the right to a copy of the results and the right to see any information related to the test that is placed in the employee's

personnel file. The applicant or employee must be given a reasonable opportunity to explain a positive test result. An employer who withdraws an offer because of a drug test must inform the applicant of the reason for its action.

(b) An employer may not discharge, discipline, or discriminate against an employee on the basis of a disability or a medical or psychiatric condition, other than use of controlled substances or alcohol, revealed to the employer through a drug test or revealed before or after a test to explain the presence of a controlled substance or metabolite, unless the employee was under an affirmative duty to provide the information at the time of or subsequent to hire.

Subd. 2. [RETESTING.] Within five working days of receipt of the confirmed test results, the job applicant or employee may request an additional retest of the original sample at the applicant's or employee's expense. The retest must be performed by a laboratory that meets the qualifications of section 3, subdivision 6, must be confirmed as provided in section 3, subdivision 7, and must use the same drug threshold detection level as used in the original confirmatory test. If the retest does not confirm the original positive test result, no adverse action based on the original test may be taken against the job applicant or employee.

Subd. 3. [CONFIDENTIALITY.] (a) Employers must establish a reasonable system to prevent mislabeling or mishandling of specimens, to prevent chain of custody problems and to ensure confidentiality of test results.

(b) All information acquired by the employer in the testing process is private and privileged and cannot be released to anyone, including other employers or government agencies, other than the subject of the test. The employer shall designate the individual authorized to receive the test results who may not share the test results with another employee or agent of the employer except where there is a demonstrated business necessity.

(c) Notwithstanding paragraph (b), evidence of a positive test which was confirmed under section 3, subdivision 7, may be: (1) provided to a substance abuse treatment facility for the purpose of evaluation or treatment of the employee; (2) used in an arbitration or grievance proceeding pursuant to a collective bargaining agreement; an administrative hearing under chapter 43A or other applicable state or local law, or a judicial proceeding, provided that information is relevant to the hearing or proceeding; or (3) disclosed to any federal agency or other unit of the United States government as required under federal law or in accordance with compliance requirements of a federal government contract.

(d) Notwithstanding paragraph (c), the results of any drug test requested, required, or conducted by an employer may not be used in a criminal case.

Subd. 4. [RETALIATION.] An employer shall not penalize an employee for asserting rights provided by sections 1 to 7.

Sec. 5. [181.98] [FREEDOM OF COLLECTIVE BARGAINING.]

Nothing in sections 1 to 7 shall be construed to interfere with or diminish any protection already provided under collective bargaining agreements that exceed the minimum standards of employee protection provided by sections 1 to 7. In addition, nothing in sections 1 to 7 shall be construed to limit the freedom of employees to bargain collectively for different drug testing policy, if the protection provided by the negotiated plan meets or exceeds the minimum standards of employee protection provided by sections 1 to 7.

Sec. 6. [181.99] [FEDERAL PREEMPTION.]

Sections 1 to 5 do not apply to employees or job applicants of employers where the specific work performed requires those employees or job applicants to be subject to drug and alcohol testing pursuant to federal rules, regulations, or requirements necessary to operate federally regulated facilities, or federal contracts where drug and alcohol testing is conducted for security, safety, or protection of sensitive or proprietary data provided that employers must comply with those provisions that are not inconsistent with any federal rules, regulations, or requirements necessary to operate federally regulated facilities or federal contracts requiring drug and alcohol testing.

Sec. 7. [181.991] [INDIVIDUAL REMEDIES.]

In addition to any remedies provided by law, any employee or job applicant injured by a violation of sections 2 to 6 may bring a civil action to recover damages allowable at law, including punitive damages, together with costs and disbursements, including reasonable attorney's fees, and may receive such injunctive and other equitable relief, including reinstatement and backpay, as determined by the court."

Delete the title and insert:

"A bill for an act relating to employment; regulating substance abuse testing of employees and job applicants; proposing coding for new law in Minnesota Statutes, chapter 181."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 111, A bill for an act relating to motor vehicles; authorizing special license plates for Pearl Harbor survivors; proposing coding for new law in Minnesota Statutes, chapter 168.

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 168, A bill for an act relating to motor vehicles; taxation; providing for taxation of pickup trucks with a carrying capacity of 2,000 pounds or less; amending Minnesota Statutes 1986, section 168.011, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, 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 and in no event less than \$120 except in the case of vehicles registered at a gross weight of 9,000 pounds or less which are in the ninth or succeeding years of vehicle life the tax is \$35.

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	1595
T	78,001 - 81,000	1760

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.

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.

On trucks, truck-tractors and semitrailer combinations, except those defined as farm trucks and farm combinations, except for pickup trucks with a carrying capacity of 2,000 pounds or less and in the 11th or succeeding year of vehicle life, and except for those 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.

A truck with a manufacturer's nominal rated carrying capacity of 2,000 pounds or less, in the 11th or succeeding year of vehicle life, that would conform to the definition of pickup truck except that the

carrying capacity of the truck is greater than 1,500 pounds, the tax shall be the same as for a pickup truck of the same age, taxed under subdivision 1a. If the truck does not have a manufacturer's rated carrying capacity, the capacity is computed by subtracting the unladen weight of the truck from its gross vehicle weight. The truck shall retain its commercial license plates."

Amend the title as follows:

Page 1, delete line 5, and insert "1986, section 168.013, subdivision 1e."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 286, A bill for an act relating to witnesses; removing the presumption against the competency of certain witnesses; amending Minnesota Statutes 1986, section 595.02, subdivision 1.

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

The report was adopted.

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

H. F. No. 297, A bill for an act relating to real property; creating a lien against real property for expenses incurred by agencies or political subdivisions in taking action to protect public health, safety, or the environment with respect to the release of substances; providing for filing, enforcement, and appeal of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [514.675] [LIEN FOR EXPENSES OF ACTIONS TO PROTECT PUBLIC HEALTH, SAFETY, OR THE ENVIRONMENT.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Agency" means the pollution control agency.

(b) "Release" means a release of a hazardous substance or pollutant or contaminant as those terms are defined in section 115B.02, or an unauthorized discharge of pollutants for which any state expenses are recoverable under section 115.071, subdivision 3, clause (a).

(c) "Remedial action" means action to prevent, control, mitigate, or remedy a release or threatened release, including related investigation, preparation, and monitoring activities.

Subd. 2. [NATURE AND AMOUNT OF LIEN.] When an agency takes remedial action that is reasonable and necessary to protect the public health, safety, or the environment, the expenses incurred in taking the remedial action, including administrative and legal expenses, constitute a lien against the real property where the release originated or where the remedial action is taken. The lien is effective upon filing of a notice of lien in the office of the county recorder in the county where the property is located. The lien expires ten years after the date the notice of lien is filed unless, before the date of expiration, the agency files a lien statement under subdivision 6.

Subd. 3. [AMOUNT OF LIEN LIMITED; PRIORITY.] Except as provided in subdivisions 4 and 5, the amount of the lien created under this section is limited to any increase in market value of the real property attributable to the remedial action taken, and has priority over all other liens and encumbrances on the real property regardless of when they were recorded, including liens and encumbrances recorded before the effective date of this section.

Subd. 4. [EXCEPTION FOR RESIDENTIAL PROPERTY.] A lien on any real property, the greater part of which is devoted to single or multifamily housing, is subordinate to all other liens and encumbrances recorded before the notice of lien is filed.

Subd. 5. [LIEN WHERE OWNER IS LEGALLY RESPONSIBLE FOR RELEASE.] If the owner of the real property where the release originated, or where the remedial action is taken, is legally responsible for the release, then the following provisions apply:

(a) The amount of the lien is the full amount of the expenses incurred in taking the remedial action, including legal and administrative expenses.

(b) Except as provided in subdivision 4, the lien has priority over all other liens and encumbrances on the real property, regardless of when they were recorded, to the extent of any increase in market value of the real property attributable to the remedial action.

(c) With respect to any amount of a lien that exceeds the increase in market value of the real property attributable to the remedial action or a lien on real property where there is no increase in market value attributable to the remedial action, the lien is subordinate to all other liens and encumbrances recorded before the notice of the lien is filed.

(d) In addition to real property against which a lien may be filed under subdivision 2, the following real property of the same owner is subject to the lien created under this section:

(1) real property contiguous to the property against which the lien may be filed under subdivision 2, if the contiguous property was included in the legal description of the other property within the five years preceding the filing of the notice of lien; and

(2) real property where the substances contained in the release were generated or stored before coming to be located at the property where the release occurred.

Subd. 6. [FILING AND RECORDING; APPRAISAL.] (a) A notice of the lien may be filed after the agency has provided to the owner of the property against which the lien is to be filed, and to any record holder of a first mortgage on the property, notice of the agency's intent to take remedial action and an opportunity to negotiate an agreement with the agency concerning the taking of remedial action and reimbursement of the agency's remedial action expenses. In the case of remedial action to be taken under section 115B.17, the procedures required as a condition of taking action under section 115B.17, subdivision 1, constitute notice and opportunity for negotiation under this subdivision provided that the owner and any record holder of a first mortgage on the property are notified of the requested actions and are afforded an opportunity to negotiate with the agency.

(b) The notice of lien must state the date when remedial action began, the name, address, and telephone number of the agency taking the remedial action, the purpose of the remedial action, the name of the owner, and the legal description of the real property subject to the lien. Within 60 days of filing the notice of lien, the agency shall send a copy of the notice by certified mail to the owner and any holder of a first mortgage on the property.

(c) At any time after expenses have been incurred, a lien statement may be filed showing:

(1) the purpose and amount of the expenses incurred in taking the remedial action;

(2) the name, address, and telephone number of the agency that incurred the expenses;

(3) the amount of any increase in the market value of the real property attributable to the remedial action;

(4) the amount of the lien claim if the owner is legally responsible for the release for which the remedial action was taken; and

(5) the name of the owner and the legal description of the property subject to the lien.

(d) Except for a lien under subdivision 5 against real property where no increase in market value is claimed, an appraisal of the market value of the real property before and after the remedial action must be attached to the lien statement. Any appraisal of the market value of the real property before remedial action must be made before the agency takes the action, other than preparation and investigation, and must take into account the existence and scope of the release for which remedial action will be taken. Appraisals must be performed by a qualified, independent appraiser selected by the agency.

(e) When a notice of lien has been filed but no lien statement has been filed, the agency shall execute a release of the notice upon request of any person with a legal interest in the real property if the agency determines that any claim for expenses incurred in taking the remedial action has been satisfied by payment, agreement, stipulation, or otherwise. After a lien statement has been filed, the agency shall execute a partial or full satisfaction of the lien upon request of any person with a legal interest in the real property if the claim for expenses incurred in taking remedial action has been partially or fully paid.

(f) Notices and statements must be filed in the office of the county recorder of the county in which the real property is located. No attestation, certification, or acknowledgement is required as a condition of filing.

Subd. 7. [ACTION TO CHALLENGE LIEN.] Within 30 days after filing a lien statement, the agency shall serve, in the manner provided for service of pleadings under the rules of civil procedure, a copy of the lien statement and any appraisal on all owners, lien holders, or encumbrancers of record. Any owner, lienholder, or encumbrancer may challenge the amount, validity, or priority of the lien by commencing an action in district court within 60 days after the date of service.

If an action is brought challenging the amount of increase in value of the real property attributable to the remedial action, the court shall appoint commissioners to determine the increase in value and shall make a final determination of the increased value attributable to the remedial action consistent with the provisions for determining value of property as provided in chapter 117, as far as practica-

ble. The agency's certification of expenses shall be prima facie evidence that the expenses are reasonable and necessary. The action provided in this subdivision is the exclusive method of challenging the amount, validity, or priority of a lien for which a lien statement is filed under this section.

Subd. 8. [ENFORCEMENT.] A lien created under this section is enforceable at the time that ownership of property subject to the lien is transferred or in any bankruptcy proceeding in which the property is an asset of the bankrupt estate.

Subd. 9. [OFFICER RESPONSIBLE FOR ADMINISTRATION; DISPOSITION OF PAYMENTS.] The filing, mailing, or serving of a document authorized or required under this section is the responsibility of the director of the agency, or a delegate of the director. Amounts received in payment of claims for expenses incurred in taking remedial action, or in satisfaction of any lien under this section, must be deposited in the fund from which the expenses were paid.

Subd. 10. [OTHER REMEDIES PRESERVED.] Nothing in this section affects the right of the agency to use a remedy available under other law to recover expenses incurred in taking remedial action.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

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

The report was adopted.

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

H. F. No. 392, A bill for an act relating to insurance; requiring notification of group life or health coverage changes; imposing certain bond or securities requirements on workers' compensation self-insurers; eliminating mandatory temporary insurance agent licenses; requiring those who solicit insurance to act as agent for the insured; regulating surplus lines insurance; regulating rates and forms; regulating insurance plan administrators; regulating the renewal, nonrenewal, and cancellation of commercial liability and property insurance policies; providing continued group life coverage upon termination or layoff; requiring an assignment of reinsurance rights upon insolvency; providing for the establishment and operation of the insurance guaranty association and the life and health guaranty association; regulating accident and health insurance;

providing for the extraterritorial application of coverages; prohibiting duplicate coverages; requiring the treatment of pregnancy-related conditions in the same manner as other illnesses; mandating certain coverages; clarifying coverage for handicapped dependents; providing continued group accident and health coverage upon termination or layoff; requiring coverage of current spouse and children; imposing surety bond requirements on certain health benefit plans; regulating Medicare supplement plan premium refunds; authorizing the renewal of certain long-term health policies; providing for the establishment and operation of the comprehensive health association and the joint underwriting association; providing comprehensive health insurance coverage for certain employees not eligible for Medicare; regulating fraternal benefit associations; regulating automobile insurance; limiting the cancellation of fire insurance binders and policies; providing for administration of the FAIR plan; requiring accident prevention course premium reductions; limiting the grounds for cancellation or reduction in limits during the policy period; extending basic economic loss benefit protection; requiring coverages for former spouses; regulating collision damage waiver fees; specifying membership on the assigned claims bureau; extending no-fault benefits to pedestrians who are struck by motorcycles; regulating township mutual insurance companies; authorizing investments in certain insurers; regulating trade practices; requiring life and health insurers to substantiate the underwriting standards they use; providing assigned risk plan coverage for certain vehicles used by the handicapped; regulating motor vehicle repairs; granting immunity from liability for volunteer coaches, managers, and officials; prescribing penalties; amending Minnesota Statutes 1986, sections 45.024, subdivision 2; 60A.17, subdivisions 2c, 11, and 13; 60A.196; 60A.197; 60A.198, subdivision 3; 60A.23, subdivision 8; 60A.30; 60B.44, subdivisions 1, 4, 5, and 9; 60C.03, subdivision 8; 60C.08, subdivision 1; 60C.09; 60C.10, by adding a subdivision; 61B.05, subdivision 1; 62A.01; 62A.02, subdivision 2; 62A.03, by adding a subdivision; 62A.041; 62A.043, by adding a subdivision; 62A.141; 62A.146; 62A.17; 62A.21; 62A.43, subdivision 2; 62A.48, by adding a subdivision; 62E.10, subdivision 2; 62E.14, by adding a subdivision; 62H.04; 62I.02, by adding a subdivision; 62I.03, subdivision 5; 62I.04; 62I.16, subdivisions 3 and 4; 64B.11, subdivision 4; 64B.27; 65A.01, subdivision 3a; 65A.03, subdivision 1; 65A.10; 65A.29, by adding a subdivision; 65A.35, subdivision 5; 65B.03, subdivision 1; 65B.1311; 65B.15, subdivision 1; 65B.16; 65B.21, subdivision 2; 65B.28; 65B.46; 65B.63, subdivision 1; 67A.05, subdivision 2; 67A.06; 67A.231; 70A.04, subdivision 2; 70A.08, subdivision 3; 72A.20, subdivisions 11, 12a, and by adding a subdivision; 72A.51, subdivision 2; and 169.045, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 60A; 61A; 62A; 62E; 65B; and 604; repealing Minnesota Statutes 1986, sections 62F.04, subdivision 1a; 62I.02, subdivision 3; 67A.43, subdivision 3; and 466.07, subdivision 4; and Minnesota Rules, parts 2700.2400 to 2700.2440.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [60A.084] [NOTIFICATION ON GROUP POLICIES.]

An employer providing life or health benefits to a group policyholder may not change benefits, limit coverage, or otherwise restrict participation until the certificate holder or enrollee has been notified of any changes, limitations, or restrictions. Notice in a format which meets the requirements of the Employee Retirement Income Security Act, 29 U.S.C.A. sections 1001 to 1461, shall be satisfactory for compliance within this section.

Sec. 2. Minnesota Statutes 1986, section 60A.17, subdivision 2c, is amended to read:

Subd. 2c. [~~MANDATORY~~ TEMPORARY LICENSES.] The commissioner shall may grant a temporary insurance agent's license to a person who has submitted an application for a resident license which is accepted by the commissioner and who has successfully completed the examination, if any, required by the commissioner. The temporary license shall may be granted ~~no later than as of~~ the date upon which the applicant receives written notice from the commissioner that ~~the application for resident license has been accepted by the commissioner and that the person has passed any required examination.~~ A temporary license will permit the applicant to act as an insurance agent for the original appointing insurer for the class of business specified therein until the earlier of (a) receipt by the applicant of the resident license, or (b) the expiration of 90 days from the date on which the temporary license was granted.

Sec. 3. Minnesota Statutes 1986, section 60A.17, subdivision 11, is amended to read:

Subd. 11. [~~LIFE COMPANY AGENTS~~ INSURER'S AGENT.] Any person who ~~shall solicit an application for~~ solicits insurance upon the life of another shall, in any controversy between the assured or the assured's beneficiary and the company issuing any policy upon such application, be regarded as is the agent of the company insurer and not the agent of the assured insured.

Sec. 4. Minnesota Statutes 1986, section 60A.17, subdivision 13, is amended to read:

Subd. 13. [~~AGENTS; VARIABLE CONTRACTS.~~] (a) [~~LICENSE REQUIRED.~~] No person shall sell or offer for sale a contract on a variable basis unless prior to making any solicitation or sale the person has obtained from the commissioner a license therefor. The license shall only be granted, upon the written requisition of an insurer, to a qualified person who holds a current license authorizing the person to solicit and sell life insurance and annuity contracts in

this state. To become qualified, a person shall complete a written application on a form prescribed by the commissioner and shall take and pass an examination prescribed by the commissioner. ~~Prior to the taking of the examination, or upon reexamination, the applicant shall transmit to the commissioner, by money order or cashiers check payable to the state treasurer, an examination fee of \$10.~~

(b) [EXCEPTIONS.] (1) Any regularly salaried officer or employee of a licensed insurer may, without license or other qualification, act on behalf of that licensed insurer in the negotiation of a contract on a variable basis, provided that a licensed agent must participate in the sale of any contract.

(2) Any person who, on July 1, 1969, holds a valid license authorizing the person to solicit and sell life insurance and annuity contracts and who also holds a valid license issued by the department of commerce authorizing the person to sell or offer for sale contracts on a variable basis shall be issued a license by the commissioner of commerce upon application therefor and payment of a \$2 fee, which license shall expire on May 31, 1970, unless renewed by an insurer as provided in paragraph (a).

(3) Any person who holds a valid license to solicit and sell life insurance and annuity contracts may solicit and sell contracts on a variable basis without acquiring a license under this subdivision if the contract is based on an account which is excluded from the definition of investment company under the Investment Company Act of 1940, United States Code, title 15, section 80a-3(11).

(c) [RULES.] The commissioner may by rules waive or modify any of the foregoing requirements or prescribe additional requirements deemed necessary for the proper sale and solicitation of contracts on a variable basis.

Sec. 5. Minnesota Statutes 1986, section 60A.196, is amended to read:

60A.196 [DEFINITIONS.]

Unless the context otherwise requires, the following terms have the meanings given them for the purposes of sections 60A.195 to 60A.209:

(a) "Surplus lines insurance" means insurance placed with an insurer permitted to transact the business of insurance in this state only pursuant to sections 60A.195 to 60A.209.

(b) "Eligible surplus lines insurer" means an insurer recognized as eligible to write insurance business under sections 60A.195 to

60A.209 but not licensed by any other Minnesota law to transact the business of insurance.

(c) "Ineligible surplus lines insurer" means an insurer not recognized as an eligible surplus lines insurer pursuant to sections 60A.195 to 60A.209 and not licensed by any other Minnesota law to transact the business of insurance. "Ineligible surplus insurer" includes a risk retention group as defined under the Liability Risk Retention Act, Public Law Number 99-563.

(d) "Surplus lines licensee" or "licensee" means a person licensed under sections 60A.195 to 60A.209 to place insurance with an eligible or ineligible surplus lines insurer.

(e) "Association" means an association registered under section 60A.208.

(f) "Alien insurer" means any insurer which is incorporated or otherwise organized outside of the United States.

(g) "Insurance laws" means chapters 60 to 79 inclusive.

Sec. 6. Minnesota Statutes 1986, section 60A.197, is amended to read:

60A.197 [RATES AND FORMS.]

(a) Rates used by eligible and ineligible surplus lines insurers shall not be subject to the insurance laws except that a rate shall not be excessive, inadequate, or unfairly discriminatory and shall be subject to sections 70A.04, 70A.05, and 70A.11.

(b) Forms used by eligible and ineligible surplus lines insurers pursuant to sections 60A.195 to 60A.209 ~~shall not be~~ are subject to the insurance laws, ~~except that a section 70A.08, subdivision 3. If a rate service organization has not adopted a form for a particular type of insured, or if the commissioner has not restricted approval to the form adopted by the rate service organization, then forms used by surplus lines insurers are not subject to section 70A.08, subdivision 3. No policy shall not may contain language which misrepresents the true nature of the policy or class of policies. Except as otherwise required in this section, forms used by surplus lines insurers under sections 60A.195 to 60A.209 are not subject to the insurance laws.~~

Sec. 7. Minnesota Statutes 1986, section 60A.198, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR OBTAINING LICENSE.] A person licensed as a ~~resident~~ an agent in this state pursuant to other law may obtain a surplus lines license by doing the following:

(a) filing an application in the form and with the information the commissioner may reasonably require to determine the ability of the

applicant to act in accordance with sections 60A.195 to 60A.209;

(b) maintaining a ~~resident agent~~ an agent's license in this state;

(c) delivering to the commissioner a financial guarantee bond from a surety acceptable to the commissioner for the greater of the following:

(1) \$5,000; or

(2) the largest semiannual surplus lines premium tax liability incurred by the applicant in the immediately preceding five years; and

(d) agreeing to file with the commissioner of revenue no later than February 15 and August 15 annually, a sworn statement of the charges for insurance procured or placed and the amounts returned on the insurance canceled under the license for the preceding six-month period ending December 31 and June 30 respectively, and at the time of the filing of this statement, paying the commissioner a tax on premiums equal to three percent of the total written premiums less cancellations; and

(e) annually paying a fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (11).

Sec. 8. [60A.2095] [CONSTRUCTION.]

Nothing in sections 60A.195 to 60A.209 shall be construed to permit the state to impose requirements beyond those granted by the Liability Risk Retention Act, Public Law Number 99-563.

Sec. 9. Minnesota Statutes 1986, section 60A.23, subdivision 8, is amended to read:

Subd. 8. [SELF-INSURANCE OR INSURANCE PLAN ADMINISTRATORS; WHO ARE VENDORS OF RISK MANAGEMENT SERVICES.] (1) [SCOPE.] This subdivision applies to any vendor of risk management services and to any entity which administers, for compensation, a self-insurance or insurance plan. This subdivision does not apply (a) to an insurance company authorized to transact insurance in this state, as defined by section 60A.06, subdivision 1, clauses (4) and (5); (b) to a service plan corporation, as defined by section 62C.02, subdivision 6; (c) to a health maintenance organization, as defined by section 62D.02, subdivision 4; (d) to an employer directly operating a self-insurance plan for its employees' benefits; or (e) to an entity which administers a program of health benefits established pursuant to a collective bargaining agreement between

an employer, or group or association of employers, and a union or unions.

(2) [DEFINITIONS.] For purposes of this subdivision the following terms have the meanings given them.

(a) "Administering a self-insurance or insurance plan" means (i) processing, reviewing or paying claims, (ii) establishing or operating funds and accounts, or (iii) otherwise providing necessary administrative services in connection with the operation of a self-insurance or insurance plan.

(b) "Employer" means an employer, as defined by section 62E.02, subdivision 2.

(c) "Entity" means any association, corporation, partnership, sole proprietorship, trust, or other business entity engaged in or transacting business in this state.

(d) "Self-insurance or insurance plan" means a plan providing life, medical or hospital care, accident, sickness or disability insurance, as an employee fringe benefit, or a plan providing liability coverage for any other risk or hazard, which is or is not directly insured or provided by a licensed insurer, service plan corporation, or health maintenance organization.

(e) "Vendor of risk management services" means an entity providing for compensation actuarial, financial management, accounting, legal or other services for the purpose of designing and establishing a self-insurance or insurance plan for an employer.

(3) [LICENSE.] No vendor of risk management services or entity administering a self-insurance or insurance plan may transact this business in this state unless it is licensed to do so by the commissioner. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license may be granted only when the commissioner is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner may issue a license subject to restrictions or limitations upon the authorization, including the type of services which may be supplied or the activities which may be engaged in. The license fee is \$100. All licenses are for a period of two years.

(4) [REGULATORY RESTRICTIONS; POWERS OF THE COMMISSIONER.] To assure that self-insurance or insurance plans are financially solvent, are administered in a fair and equitable fashion, and are processing claims and paying benefits in a prompt, fair, and honest manner, vendors of risk management services and entities administering insurance or self-insurance plans are subject to the

supervision and examination by the commissioner. Vendors of risk management services, entities administering insurance or self-insurance plans, and insurance or self-insurance plans established or operated by them are subject to the trade practice requirements of sections 72A.19 to 72A.30.

(5) [RULE MAKING AUTHORITY.] To carry out the purposes of this subdivision, the commissioner may adopt rules, including emergency rules, pursuant to sections 14.01 to ~~14.70~~ 14.69. These rules may:

(a) establish reporting requirements for administrators of insurance or self-insurance plans;

(b) establish standards and guidelines to assure the adequacy of financing, reinsuring, and administration of insurance or self-insurance plans;

(c) establish bonding requirements or other provisions assuring the financial integrity of entities administering insurance or self-insurance plans; or

(d) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 10. Minnesota Statutes 1986, section 60A.30, is amended to read:

60A.30 [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~~ 60 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~~ 60-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.

This section does not apply if the change relates to guide "a" rates or excess rates also known as "consent to rates."

Sec. 11. [60A.35] [SCOPE.]

Except as specifically limited in section 60A.30, sections 11 to 14 apply to all commercial liability and/or property insurance policies issued by companies licensed to do business in this state except ocean marine insurance, accident and health insurance, excess insurance, surplus lines insurance, and reinsurance.

Sec. 12. [60A.36] [MIDTERM CANCELLATION.]

Subdivision 1. [REASON FOR CANCELLATION.] No insurer may cancel a policy of commercial liability and/or property insurance during the term of the policy, except for one or more of the following reasons:

- (1) nonpayment of premium;
- (2) misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim under the policy;
- (3) actions by the insured that have substantially increased or substantially changed the risk insured;
- (4) refusal of the insured to eliminate known conditions that increase the potential for loss after notification by the insurer that the condition must be removed;
- (5) substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk in writing the contract;
- (6) loss of reinsurance by the insurer which provided coverage to the insurer for a significant amount of the underlying risk insured. A notice of cancellation under this clause shall advise the policyholder that the policyholder has ten days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within five business days after receipt of the appeal;
- (7) a determination by the commissioner that the continuation of the policy could place the insurer in violation of the insurance laws of this state; or
- (8) nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing the insurance. This provision for cancellation for failure to pay dues does not apply to persons who are retired at 62 years of age or older or who are disabled according to social security standards.

Subd. 2. [NOTICE.] Cancellation under subdivision 1, clauses (2) to (8), shall not be effective before 60 days after notice to the policyholder. The notice of cancellation shall contain a specific reason for cancellation as provided in subdivision 1.

A policy shall not be canceled for nonpayment of premium pursuant to subdivision 1, clause (1) unless the insurer, at least ten days before the effective cancellation date, has given notice to the policyholder of the amount of premium due and the due date. The notice shall state the effect of nonpayment by the due date. No cancellation for nonpayment of premium shall be effective if payment of the amount due is made before the effective date in the notice.

Subd. 3. [NEW POLICIES.] Subdivisions 1 and 2 do not apply to any insurance policy that has not been previously renewed if the policy has been in effect less than 90 days at the time the notice of cancellation is mailed or delivered. No cancellation under this subdivision is effective until at least ten days after the written notice to the policyholder.

Subd. 4. [LONGER TERM POLICIES.] A policy may be issued for a term longer than one year or for an indefinite term with a clause providing for cancellation by the insurer for the reasons stated in subdivision 1 by giving notice as required by subdivision 2 at least 60 days before any anniversary date.

Sec. 13. [60A.37] [NONRENEWAL.]

Subdivision 1. [NOTICE REQUIRED.] At least 60 days before the date of expiration provided in the policy, a notice of intention not to renew the policy beyond the agreed expiration date must be made to the policyholder by the insurer. If the notice is not given at least 60 days before the date of expiration provided in the policy, the policy shall continue in force until 60 days after a notice of intent not to renew is received by the policyholder.

Subd. 2. [EXCEPTIONS.] This section does not apply if the policyholder has insured elsewhere, has accepted replacement coverage, or has requested or agreed to nonrenewal.

Sec. 14. [60A.38] [INTERPRETATION AND PENALTIES.]

Subdivision 1. [SECTIONS NOT EXCLUSIVE.] Sections 11 to 14 are not exclusive, and the commissioner may also consider other provisions of Minnesota law to be applicable to the circumstances or situations addressed by sections 11 to 14. The rights provided by sections 11 to 14 are in addition to and do not prejudice any other rights the policyholder may have at common law, under statute, or rules.

Subd. 2. [PENALTIES.] A violation of any provisions of sections 11 to 14 shall be deemed to be an unfair trade practice in the business of insurance and shall subject the violator to the penalties provided by sections 72A.17 to 72A.32 in addition to any other penalty provided by law.

Subd. 3. [NOTICES REQUIRED.] All notices required by sections 11 to 14 shall only be made by first class mail addressed to the policyholder's last known address or by delivery to the policyholder's last known address. Notice by first class mail is effective upon deposit in the United States mail. In addition to giving notice to the policyholder, the insurer must also give notice to the agent of record, if any, in the manner specified for the policyholder.

Sec. 15. Minnesota Statutes 1986, section 60B.44, subdivision 1, is amended to read:

Subdivision 1. [DEDUCTIBLE PROVISION.] The distribution of claims from the insurer's estate shall be in the order stated in this section with a descending degree of preference for each subdivision. The first \$50 of the amount allowed on each claim in the classes under subdivisions 3 to 7 shall be deducted from the claim and included in the class under subdivision 9. Claims may not be cumulated by assignment to avoid application of the \$50 deductible provision. Subject to the \$50 deductible provision, Every claim in each class shall be paid in full or adequate funds retained for the payment before the members of the next class receive any payment. No subclasses shall be established within any class.

Sec. 16. Minnesota Statutes 1986, section 60B.44, subdivision 4, is amended to read:

Subd. 4. [LOSS CLAIMS; INCLUDING CLAIMS NOT COVERED BY A GUARANTY ASSOCIATION.] All claims under policies or contracts of coverage for losses incurred including third party claims, and all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which are not under policies or contracts, except the first \$200 of losses otherwise payable to any claimant under this subdivision. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. Claims may not be cumulated by assignment to avoid application of the \$200 deductible provision. That portion of any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment made by an employer to an employee shall be treated as a gratuity. Claims not covered by a guaranty association are loss claims. If any portion of a claim is covered by a reinsurance treaty or

similar contractual obligation, that claim shall be entitled to a pro rata share, based upon the relationship the claim amount bears to all claims payable under the treaty or contract, of the proceeds received under that treaty or contractual obligation.

Claims receiving pro rata payments shall not, as to any remaining unpaid portion of their claim, be treated in a different manner than if no such payment had been received.

Sec. 17. Minnesota Statutes 1986, section 60B.44, subdivision 5, is amended to read:

Subd. 5. [UNEARNED PREMIUMS AND SMALL LOSS CLAIMS.] Claims under nonassessable policies or contracts of coverage for unearned premiums or subscription rates or other refunds and the first \$200 of loss excepted by the deductible provision in subdivision 4.

Sec. 18. Minnesota Statutes 1986, section 60B.44, subdivision 9, is amended to read:

Subd. 9. [MISCELLANEOUS SUBORDINATED CLAIMS.] The remaining claims or portions of claims not already paid, with interest as in subdivision 8.

(a) ~~The first \$50 of each claim in the classes under subdivisions 3 to 7 subordinated under this section;~~

(b) Claims under section 60B.39, subdivision 2;

(c) ~~(b)~~ Claims subordinated by section 60B.61;

(d) ~~(c)~~ Except to the extent excused or otherwise permitted pursuant to section 60B.37, claims filed late;

(e) ~~(d)~~ Portions of claims subordinated under subdivision 6; and

(f) ~~(e)~~ Claims or portions of claims payment of which is provided by other benefits or advantages recovered or recoverable by the claimant.

Sec. 19. Minnesota Statutes 1986, section 60C.09, is amended to read:

60C.09 [COVERED CLAIMS.]

Subdivision 1. [DEFINITION.] A covered claim is any unpaid claim, including one for unearned premium, which:

(a) (1) 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; or

(2) Would be within the coverage of an extended reporting endorsement to a claims-made insurance policy if insolvency had not prevented the member insurer from fulfilling its obligation to issue the endorsement, if:

(i) the claims-made policy contained a provision affording the insured the right to purchase a reporting endorsement;

(ii) coverage will be no greater than if a reporting endorsement had been issued;

(iii) the insured has not purchased other insurance which applies to the claim; and

(iv) the insured's deductible under the policy is increased by an amount equal to the premium for the reporting endorsement as provided in the insured's claims-made policy, or if not so provided, then as established by a rate service organization.

(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 injured 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).

For purposes of paragraph (c), item (i), unit owners of condominiums, townhouses, or cooperatives are considered as having an insurable interest.

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.

Subd. 2. [LIMITATION OF AMOUNT.] Payment of a covered claim, except a claim for unearned premium by any single claimant, whether upon a single policy or multiple policies of insurance, is limited to the amount by which the allowance on any claim exceeds \$100 and is less than \$300,000. In the case of claim for unearned premium, the entire claim up to \$300,000 shall be allowed. The limitation on the amount of payment for a covered claim does not apply to claims for workers' compensation insurance. In no event is the association obligated to the policyholder or claimant in an amount in excess of the obligation of the insurer under the policy from which the claim arises.

Sec. 20. Minnesota Statutes 1986, section 61A.09, subdivision 1, is amended to read:

Subdivision 1. No group life insurance policy shall be issued for delivery in this state until the form thereof and the form of any certificates issued thereunder have been filed in accordance with and subject to the provisions of section 61A.02. Each person insured under such a group life insurance policy (excepting policies which insure the lives of debtors of a creditor or vendor to secure payment of indebtedness) shall be furnished a certificate of insurance issued by the insurer and containing the following:

- (a) Name and location of the insurance company;
- (b) A statement as to the insurance protection to which the certificate holder is entitled, including any changes in such protection depending on the age of the person whose life is insured;
- (c) Any and all provisions regarding the termination or reduction of the certificate holder's insurance protection;
- (d) A statement that the master group policy may be examined at a reasonably accessible place;
- (e) The maximum rate of contribution to be paid by the certificate holder;
- (f) Beneficiary and method required to change such beneficiary;

(g) In the case of a group term insurance policy if the policy provides that insurance of the certificate holder will terminate, in case of a policy issued to an employer, by reason of termination of the certificate holder's employment, or in case of a policy issued to an organization of which the certificate holder is a member, by reason of termination of membership, a provision to the effect that in case of termination of employment or membership the certificate holder shall be entitled to have issued by the insurer, without evidence of insurability, upon application made to the insurer within 31 days after termination of employment or membership, and upon payment of the premium applicable to the class of risk to which that person belongs and to the form and amount of the policy at that person's then attained age, a policy of life insurance only, in any one of the forms customarily issued by the insurer except term insurance, in an amount equal to the amount of the life insurance protection under such group insurance policy at the time of such termination; and shall contain a further provision to the effect that upon the death of the certificate holder during such 31-day period and before any such individual policy has become effective, the amount of insurance for which the certificate holder was entitled to make application shall be payable as a death benefit by the insurer. If a group term life insurance contract provides that an employee or member of an organization loses coverage under the contract as a result of termination of employment or membership, the contract shall provide that the employee or member has the right to purchase a term insurance policy from the insurer with the same amount of coverage, the premium for which shall not, during the first 18 months of coverage, exceed 102 percent of cost for that amount of coverage under the group term life insurance contract. The terminated employee or member shall be eligible without evidence of insurability. The terminated employee or member shall be notified of the rights under this section by the employer or organization and shall have 31 days from the date of notification to exercise the right of conversion. If the terminated employee or member dies before the expiration of the 31 day period, the benefits payable under the group contract shall still be payable. For the purposes of this clause, "termination" includes voluntary or involuntary termination, layoff and a reduction in hours to the point where the employee is no longer eligible for group life insurance benefits.

Sec. 21. Minnesota Statutes 1986, section 62A.01, is amended to read:

62A.01 [POLICY OF ACCIDENT AND SICKNESS INSURANCE DEFINED.]

The term "policy of accident and sickness insurance" as used herein includes any policy covering the kind of insurance described in section 60A.06, subdivision 1, clause (5)(a).

For the purpose of chapters 62A and 62E the term "policy" also includes certificates of insurance or similar evidence of insurance coverage issued to a Minnesota resident.

This section supersedes any inconsistent provision of chapters 62A and 62E.

Sec. 22. Minnesota Statutes 1986, section 62A.02, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] No such policy or certificate shall be issued, nor shall any application, rider, or endorsement be used in connection therewith, until the expiration of 60 days after it has been so filed unless the commissioner shall sooner give written approval thereto.

Sec. 23. Minnesota Statutes 1986, section 62A.041, is amended to read:

62A.041 [MATERNITY BENEFITS; UNMARRIED WOMEN.]

Each group policy of accident and health insurance and each group health maintenance contract shall provide the same coverage for maternity benefits to unmarried women and minor female dependents that it provides to married women including the wives of employees choosing dependent family coverage. If an unmarried insured or an unmarried enrollee is a parent of a dependent child, each group policy and each group contract shall provide the same coverage for that child as that provided for the child of a married employee choosing dependent family coverage if the insured or the enrollee elects dependent family coverage.

Each individual policy of accident and health insurance and each individual health maintenance contract shall provide the same coverage for maternity benefits to unmarried women and minor female dependents as that provided for married women. If an unmarried insured or an unmarried enrollee is a parent of a dependent child, each individual policy and each individual contract shall also provide the same coverage for that child as that provided for the child of a married insured or a married enrollee choosing dependent family coverage if the insured or the enrollee elects dependent family coverage.

Each group subscriber contract of accident and health insurance or health maintenance contract, issued or renewed after August 1, 1987, shall include maternity benefits in the same manner as any other illness covered under the policy or contract.

For the purposes of this section, the term "maternity benefits" shall not include elective, induced abortion whether performed in a hospital, other abortion facility, or the office of a physician.

This section applies to policies and contracts issued, delivered, or renewed after August 1, 1985, that cover Minnesota residents.

Sec. 24. Minnesota Statutes 1986, section 62A.043, is amended by adding a subdivision to read:

Subd. 3. No policy or certificate of health, medical, hospitalization, or accident and sickness insurance regulated under this chapter, or subscriber contract provided by a nonprofit health service plan corporation regulated under chapter 62C, or health maintenance organization regulated under chapter 62D, shall be issued, renewed, continued, delivered, issued for delivery, or executed in this state after August 1, 1987, unless the policy, plan, or contract specifically provides coverage for surgical and nonsurgical treatment of temporomandibular joint disorder and craniomandibular disorder. Coverage shall be the same as that for treatment to any other joint in the body, and shall apply if the treatment is administered or prescribed by a physician or dentist.

Sec. 25. Minnesota Statutes 1986, section 62A.141, is amended to read:

62A.141 [COVERAGE FOR HANDICAPPED DEPENDENTS.]

No group policy or plan of health and accident insurance regulated under this chapter, chapter 62C, or 62D, which provides for dependent coverage may be issued or renewed in this state after August 1, 1983, unless it covers the handicapped dependents of the insured, subscriber, or enrollee of the policy or plan. Consequently, the policy or plan shall not contain any provision concerning preexisting condition limitations, insurability, eligibility, or health underwriting approval concerning handicapped dependents.

If ordered by the commissioner of commerce, the insurer of a Minnesota-domiciled nonprofit association which is composed solely of agricultural members may restrict coverage under this section to apply only to Minnesota residents.

Sec. 26. Minnesota Statutes 1986, section 62A.146, is amended to read:

62A.146 [CONTINUATION OF BENEFITS TO SURVIVORS.]

No policy or plan of accident and health protection issued by an insurer, nonprofit health service plan corporation, or health maintenance organization, providing coverage of hospital or medical expense on either an expense incurred basis or other than an expense incurred basis which in addition to coverage of the insured, subscriber, or enrollee, also provides coverage to dependents, shall, except upon the written consent of the survivor or survivors of the deceased insured, subscriber or enrollee, terminate, suspend or otherwise restrict the participation in or the receipt of benefits

otherwise payable under the policy or plan to the survivor or survivors until the earlier of the following dates:

(a) the date of remarriage of the surviving spouse becomes covered under another group health plan; or

(b) the date coverage would have terminated under the policy or plan had the insured, subscriber, or enrollee lived.

The survivor or survivors, in order to have the coverage and benefits extended, may be required to pay the entire cost of the protection on a monthly basis. In no event shall the amount of premium or fee contributions charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly-situated spouses and dependent children who are not the survivors of a deceased insured, without regard to whether such cost is paid by the employer or employee. Failure of the survivor to make premium or fee payments within 90 days after notice of the requirement to pay the premiums or fees shall be a basis for the termination of the coverage without written consent. In event of termination by reason of the survivor's failure to make required premium or fee contributions, written notice of cancellation must be mailed to the survivor's last known address at least 30 days before the cancellation. If the coverage is provided under a group policy or plan, any required premium or fee contributions for the coverage shall be paid by the survivor to the group policyholder or contract holder for remittance to the insurer, nonprofit health service plan corporation, or health maintenance organization.

Sec. 27. Minnesota Statutes 1986, section 62A.152, subdivision 2, is amended to read:

Subd. 2. [MINIMUM BENEFITS.] All group policies and all group subscriber contracts providing benefits for mental or nervous disorder treatments in a hospital shall also provide coverage, to on the same basis as coverage for other benefits for at least the extent of 80 percent of the first \$750 of the cost of the usual and customary charges of the first ten hours of treatment incurred over a 12-month benefit period, for mental or nervous disorder consultation, diagnosis and treatment services delivered while the insured person is not a bed patient in a hospital, and at least 75 percent of the cost of the usual and customary charges for any additional hours of treatment during the same 12-month benefit period for serious and persistent mental or nervous disorders, if the services are furnished by (1) a licensed or accredited hospital, (2) a community mental health center or mental health clinic approved or licensed by the commissioner of human services or other authorized state agency, or (3) a licensed consulting psychologist licensed under the provisions of sections 148.87 to 148.98, or a psychiatrist licensed under chapter 147. Prior authorization from an accident and health insurance company, or a nonprofit health service corporation, shall be required

for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may not exceed a maximum of 30 visit hours during any 12-month benefit period.

For purposes of this section, covered treatment for a minor shall include treatment for the family if family therapy is recommended by a provider listed above in clause (1), (2) or (3).

Sec. 28. Minnesota Statutes 1986, section 62A.17, is amended to read:

62A.17 [TERMINATION OF OR LAYOFF FROM EMPLOYMENT.]

Subdivision 1. [CONTINUATION OF COVERAGE.] Every group insurance policy, group subscriber contract, and health care plan included within the provisions of section 62A.16, except policies, contracts, or health care plans covering employees of an agency of the federal government, shall contain a provision which permits every eligible covered employee who is voluntarily or involuntarily terminated or laid off from employment, if the policy, contract, or health care plan remains in force for active employees of the employer, to elect to continue the coverage for the employee and dependents.

An employee shall be considered to be laid off from employment if there is a reduction in hours to the point where the employee is no longer eligible under the policy, contract or health care plan. Termination shall not include discharge for gross misconduct.

Subd. 2. [RESPONSIBILITY OF EMPLOYEE.] Every eligible covered employee electing to continue coverage shall pay the former employer, on a monthly basis, the cost of the continued coverage. If the policy, contract, or health care plan is administered by a trust, every eligible covered employee electing to continue coverage shall pay the trust the cost of continued coverage according to the eligibility rules established by the trust. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for similarly-situated employees with respect to whom neither termination nor layoff has occurred, without regard to whether such cost is paid by the employer or employee. The employee shall be eligible to continue the coverage until reemployed and eligible for health care coverage under a group policy, contract, or plan sponsored by the same or another employer the employee becomes covered under another group health plan, or for a period of 12 18 months after the termination of or lay off from employment, whichever is shorter.

Subd. 3. [ELIGIBILITY FOR CONTINUED COVERAGE.] An employee shall be eligible to make the election for the employee and dependents provided for in subdivision 1 if:

(a) In the period preceeding the termination of or lay off from employment, the employee and dependents were covered through employment by a group insurance policy, subscriber's contract, or health care plan included within the provisions of section 62A.16;

(b) The termination of or lay off from employment was for reasons other than the discontinuance of the business, bankruptcy, or the employee's disability or retirement.

Subd. 4. [RESPONSIBILITY OF EMPLOYER.] After timely receipt of the monthly payment from an eligible a covered employee, if the employer, or the trustee, if the policy, contract, or health care plan is administered by a trust, fails to make the payment to the insurer, nonprofit health service plan corporation, or health maintenance organization, with the result that the employee's coverage is terminated, the employer or trust shall become liable for the employee's coverage to the same extent as the insurer, nonprofit health service plan corporation, or health maintenance organization would be if the coverage were still in effect.

In the case of a policy, contract or plan administered by a trust, the employer must notify the trustee within 30 days of the termination or layoff of a covered employee of the name and last known address of the employee.

If the employer or trust fails to notify a covered employee, the employer or trust shall continue to remain liable for the employee's coverage to the same extent as the insurer would be if the coverage were still in effect.

Subd. 5. [NOTICE OF OPTIONS.] Upon the termination of or lay off from employment of an eligible employee, the employer shall inform the employee within ten days after termination or lay off of:

(a) the right to elect to continue the coverage;

(b) the amount the employee must pay monthly to the employer to retain the coverage;

(c) the manner in which and the office of the employer to which the payment to the employer must be made; and

(d) the time by which the payments to the employer must be made to retain coverage.

If the policy, contract, or health care plan is administered by a trust, the employer is relieved of the obligation imposed by clauses (a) to (d). The trust shall inform the employee of the information required by clauses (a) to (d).

The employee shall have 60 days within which to elect coverage. The 60-day period shall begin to run on the date plan coverage would otherwise terminate or on the date upon which notice of the right to coverage is received, whichever is later.

Notice ~~may~~ must be in writing and sent by first class mail to the employee's last known address which the employee has provided the employer or trust. ~~If the employer or trust fails to so notify the employee who is properly enrolled in the program, the employee shall have the option to retain coverage if the employee makes this election within 60 days of the date terminated or laid off by making the proper payment to the employer or trust to provide continuous coverage.~~

A notice in substantially the following form shall be sufficient: "As a terminated or laid off employee, the law authorizes you to maintain your group medical insurance for a period of up to ~~12~~ 18 months. To do so you must notify your former employer within ~~ten~~ 60 days of your receipt of this notice that you intend to retain this coverage and must make a monthly payment of \$..... to at by the of each month."

Subd. 6. [CONVERSION TO INDIVIDUAL POLICY.] A group insurance policy that provides posttermination or layoff coverage as required by this section shall also include a provision allowing a covered employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided by subdivision 2 to obtain from the insurer offering the group policy or group subscriber contract, at the employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual policy of insurance or an individual subscriber contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, and a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3 provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. A health maintenance contract issued by a health maintenance organization that provides posttermination or layoff coverage as required by this section shall also include a provision allowing a former employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided in subdivision 2 to obtain from the health maintenance organization, at the former employee's, spouse's, or

dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual health maintenance contract. Effective January 1, 1985, enrollees who have become nonresidents of the health maintenance organization's service area shall be given the option, to be arranged by the health maintenance organization, of a number three qualified plan, a number two qualified plan, or a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3 if an arrangement with an insurer can reasonably be made by the health maintenance organization. This option shall be made available at the enrollee's expense, without further evidence of insurability and without interruption of coverage.

A policy providing reduced benefits at a reduced premium rate may be accepted by the employee, the spouse, or a dependent in lieu of the optional coverage otherwise required by this subdivision.

The individual policy or contract shall be renewable at the option of the individual as long as the individual is not covered under another qualified plan as defined in section 62E.02, subdivision 4, up to age 65 or to the day before the date of eligibility for coverage under title XVIII of the Social Security Act, as amended. Any revisions in the table of rate for the individual policy shall apply to the covered person's original age at entry and shall apply equally to all similar policies issued by the insurer.

Sec. 29. [62A.20] [COVERAGE OF CURRENT SPOUSE AND CHILDREN.]

Subdivision 1. [REQUIREMENT.] Every policy of accident and health insurance providing coverage of hospital or medical expense on either an expense-incurred basis or other than an expense-incurred basis, which in addition to covering the insured also provides coverage to the spouse and dependent children of the insured shall contain:

(1) a provision which permits the spouse and dependent children to elect to continue coverage when the insured becomes enrolled for benefits under Title XVIII of the Social Security Act (Medicare); and

(2) a provision which permits the dependent children to continue coverage when they cease to be dependent children under the generally applicable requirement of the plan.

Subd. 2. [CONTINUATION PRIVILEGE.] The coverage described in subdivision 1 may be continued until the earlier of the following dates:

(1) the date coverage would otherwise terminate under the policy;

(2) 36 months after continuation by the spouse or dependent was elected; or

(3) the spouse or dependent children become covered under another group health plan.

If coverage is provided under a group policy, any required premium contributions for the coverage shall be paid by the insured on a monthly basis to the group policyholder for remittance to the insurer. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly-situated spouse and dependent children to whom subdivision 1 is not applicable, without regard to whether such cost is paid by the employer or employee.

Sec. 30. Minnesota Statutes 1986, section 62A.21, is amended to read:

62A.21 [CONVERSION PRIVILEGES FOR INSURED FORMER SPOUSES AND CHILDREN.]

Subdivision 1. No policy of accident and health insurance providing coverage of hospital or medical expense on either an expense incurred basis or other than an expense incurred basis, which in addition to covering the insured also provides coverage to the spouse of the insured shall contain a provision for termination of coverage for a spouse covered under the policy solely as a result of a break in the marital relationship ~~except by reason of an entry of a valid decree of dissolution of marriage.~~

Subd. 2a. [CONTINUATION PRIVILEGE.] Every policy described in subdivision 1 shall contain a provision which permits continuation of coverage under the policy for the insured's former spouse and dependent children upon entry of a valid decree of dissolution of marriage; ~~if the decree requires the insured to provide continued coverage for those persons.~~ The coverage ~~may~~ shall be continued until the earlier of the following dates:

(a) ~~The date of remarriage of either the insured or the insured's former spouse~~ becomes covered under any other group health plan;
or

(b) The date coverage would otherwise terminate under the policy.

If the coverage is provided under a group policy, any required premium contributions for the coverage shall be paid by the insured on a monthly basis to the group policyholder for remittance to the insurer. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly-situated spouses and dependent children with re-

spect to whom the marital relationship has not dissolved, without regard to whether such cost is paid by the employer or employee.

Subd. 2b. [CONVERSION PRIVILEGE.] Every policy described in subdivision 1 shall contain a provision allowing a former spouse and dependent children of an insured, without providing evidence of insurability, to obtain from the insurer at the expiration of any continuation of coverage required under subdivision 2a or ~~section sections 62A.146 and 62A.20, or upon termination of coverage by reason of an entry of a valid decree of dissolution which does not require the insured to provide continued coverage for the former spouse and dependent children,~~ conversion coverage providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. A policy providing reduced benefits at a reduced premium rate may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision. The individual policy shall be renewable at the option of the former spouse as long as the former spouse is not covered under another qualified plan as defined in section 62E.02, subdivision 4, up to age 65 or to the day before the date of eligibility for coverage under Title XVIII of the Social Security Act, as amended. Any revisions in the table of rate for the individual policy shall apply to the former spouse's original age at entry, and shall apply equally to all similar policies issued by the insurer.

Subd. 3. Subdivision 1 applies to every policy of accident and health insurance which is delivered, issued for delivery, renewed or amended on or after July 19, 1977.

Subdivisions 2a and 2b apply to every policy of accident and health insurance which is delivered, issued for delivery, renewed, or amended on or after August 1, 1981.

Sec. 31. Minnesota Statutes 1986, section 62A.27, is amended to read:

62A.27 [COVERAGE FOR ADOPTED CHILDREN.]

No individual or group policy or plan of health and accident insurance regulated under this chapter or chapter 64B, subscriber contract regulated under chapter 62C, or health maintenance contract regulated under chapter 62D, providing coverage for more than one person may be issued or renewed in this state after August 1, 1983, unless the policy, plan, or contract covers adopted children of the insured, subscriber, or enrollee on the same basis as other dependents. Consequently, the policy or plan shall not contain any

provision concerning preexisting condition limitations, insurability, eligibility, or health underwriting approval concerning adopted children.

The coverage required by this section is effective from the date of placement for the purpose of adoption and continues unless the placement is disrupted prior to legal adoption and the child is removed from placement.

Sec. 32. [62A.28] [SURETY BOND OR SECURITIES FOR CERTAIN HEALTH BENEFIT PLANS.]

Subdivision 1. [SURETY BOND OR SECURITIES REQUIREMENT.] Any employer, except the state and its political subdivisions as defined in section 65B.43, subdivision 20, who provides a health benefit plan to its Minnesota employees, which is to some extent self-insured by the employer, and who purchases stop-loss insurance coverage, or any other insurance coverage, in connection with the health benefit plan, shall annually file with the commissioner, within 60 days of the end of the employer's fiscal year, securities acceptable to the commissioner in an amount specified under subdivision 2, or a surety bond in the form and amount prescribed by subdivisions 2 and 3. An acceptable surety bond is one issued by a corporate surety authorized by the commissioner to transact this business in the state of Minnesota for the purposes of this section. The term "Minnesota employees" includes any Minnesota resident who is employed by the employer.

Subd. 2. [AMOUNT OF SURETY OR SECURITIES BOND.] The amount of surety bond or acceptable securities required by subdivision 1 shall be equal to one-half of the projected annual medical and hospital expenses to be incurred by the employer or \$1,000, whichever is greater, with respect to its Minnesota employees by reason of the portion of the employer's health benefit plan which is self-insured by the employer. The projection shall be prepared by an actuary who is a member of the American Academy of Actuaries.

Subd. 3. [FORM OF THE SURETY BOND.] The surety bond shall provide as follows:

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS: That (entity to be bonded), of (location), (hereinafter called the "principal"), as principal, and (bonding company name), a (name of state) corporation, of (location) (hereinafter called the "surety"), as surety are held and firmly bound unto the commissioner of commerce of the state of Minnesota for the use and benefit of Minnesota residents entitled to health benefits from the principal in the sum of (\$.....), for the payment of which well and truly to be made, the principal binds

itself, its successor and assigns, and the surety binds itself and its successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with section (.....) of the Minnesota Statute principal is required to file a surety bond with the commissioner of commerce of the state of Minnesota.

NOW, THEREFORE, the condition of this obligation is such that if the said principal shall, according to the terms, provisions, and limitations of principals' health benefit program for its Minnesota employees pay all of its liabilities and obligations, including all benefits as provided in the attached plan, then, this obligation shall be null and void, otherwise to remain in full force and effect, subject, however, to the following terms and conditions:

1. The liability of the surety is limited to the payment of the benefits of the employee benefit plan which are payable by the principal and within the amount of the bond. The surety shall be bound to payments owed by the principal for obligations arising from a default of the principal or any loss incurred during the period to which the bond applies.

2. In the event of any default on the part of the principal to abide by the terms and provisions of the attached plan, the commissioner of commerce may, upon ten days notice to the surety and opportunity to be heard, require the surety to pay all of the principal's past and future obligations under the attached plan with respect to the principal's Minnesota employees.

3. Service on the surety shall be deemed to be service on the principals.

4. This bond shall be in effect from to, and may not be canceled by either the surety or the principal.

5. Any Minnesota employee of principal aggrieved by a default of principal under the attached plan, and/or the commissioner of commerce on behalf of any such employee, may enforce the provisions of this bond.

6. This bond shall become effective at (time of day, month, day, year).

IN TESTIMONY WHEREOF, said principals and said surety have caused this instrument to be signed by their respective, duly authorized officers and their corporate seals to be hereunto affixed this (day, month, year).

Signed, sealed and delivered in
the presence of:

Corporation Name

Bonding Company Name

By:

Subd. 4. [PENALTY FOR FAILURE TO COMPLY.] Any employer which fails to comply with the provisions of this section is guilty of a felony. In addition the commissioner of revenue shall deny any business tax deduction to an employer for the employer's contribution to a health plan for the period which the employer fails to comply with this section. This section does not apply to trusts established under chapter 62H which have been approved by the commissioner.

Subd. 5. [PETITION TO REDUCE BOND AMOUNT.] An employer subject to this section may petition the commissioner for, and the commissioner may grant, a reduction in the amount of the surety bond or securities required.

Sec. 33. Minnesota Statutes 1986, section 62A.31, subdivision 1a, is amended to read:

Subd. 1a. [APPLICATION TO CERTAIN POLICIES.] The requirements of sections 62A.31 to 62A.44 shall not apply to disability income protection insurance policies, long-term care policies issued pursuant to sections 62A.46 to 62A.56, or group policies of accident and health insurance which do not purport to supplement medicare issued to any of the following groups:

(a) A policy issued to an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage.

(b) A policy issued to a labor union or similar employee organization.

(c) A policy issued to an association, a trust or the trustee of a fund established, created or maintained for the benefit of members of one or more associations. The association or associations shall have at the outset a minimum of 100 persons; shall have been organized and maintained in good faith for purposes other than that of obtaining insurance; shall have a constitution and bylaws which provide that (1) the association or associations hold regular meetings not less frequently than annually to further purposes of the members, (2) except for credit unions, the association or associations collect dues or solicit contributions from members, and (3) the members have voting privileges and representation on the governing board and committees, and (4) the members are not directly solicited, offered, or sold an insurance product that is available as an association benefit within the first 30 days of membership in the association.

Sec. 34. Minnesota Statutes 1986, section 62A.43, subdivision 2, is amended to read:

Subd. 2. [REFUNDS.] Notwithstanding the provisions of section 62A.38, an insurer which issues a medicare supplement plan to any person who has one plan then in effect, except as permitted in subdivision 1, shall, at the request of the insured, either refund the premiums or pay any claims on the policy, whichever is greater. Any refund of premium pursuant to this section or section 62A.38 shall be sent by the insurer directly to the insured within 15 days of the request by the insured.

Sec. 35. Minnesota Statutes 1986, section 62A.43, is amended by adding a subdivision to read:

Subd. 4. [OTHER POLICIES NOT PROHIBITED.] The prohibition in this section against the sale of duplicate medicare supplement coverage does not preclude the sale of insurance coverage, such as travel, accident, and sickness coverage, the effect or purpose of which is not to supplement medicare coverage. Notwithstanding this provision, if the commissioner determines that the coverage being sold is in fact medicare supplement insurance, the commissioner shall notify the insurer in writing of the determination. If the insurer does not thereafter comply with sections 62A.31 to 62A.44, the commissioner may, pursuant to chapter 14, revoke or suspend the insurer's authority to sell accident and health insurance in this state or impose a civil penalty not to exceed \$10,000, or both.

Sec. 36. Minnesota Statutes 1986, section 62A.48, is amended by adding a subdivision to read:

Subd. 7. [EXISTING POLICIES.] Nothing in sections 62A.46 to 62A.56 prohibits the renewal of the following long-term health policies:

(1) any policies sold prior to August 1, 1986;

(2) policies sold prior to July 1, 1988, by associations exempted from sections 62A.31 to 62A.44 under section 62A.31, subdivision 1, paragraph (c); and

(3) policies sold outside the state of Minnesota to persons who at the time of sale were not residents of the state of Minnesota.

Sec. 37. Minnesota Statutes 1986, section 62D.102, is amended to read:

62D.102 [MINIMUM BENEFITS.]

In addition to minimum requirements established in other sections, all group health maintenance contracts providing benefits for

mental or nervous disorder treatments in a hospital shall also provide coverage for at least ten hours of treatment over a 12-month period with a copayment not to exceed the greater of \$10 or 20 percent of the applicable usual and customary charge for mental or nervous disorder consultation, diagnosis and treatment services delivered while the enrollee is not a bed patient in a hospital and at least 75 percent of the cost of the usual and customary charges for any additional hours of ambulatory mental health treatment during the same 12-month benefit period for serious and persistent mental or nervous disorders.

Prior authorization may be required for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may not exceed a maximum of 30 visit hours during any 12-month benefit period.

For purposes of this section, covered treatment for a minor shall include treatment for the family if family therapy is recommended by a health maintenance organization provider.

Sec. 38. Minnesota Statutes 1986, section 62E.06, subdivision 1, is amended to read:

Subdivision 1. [NUMBER THREE PLAN.] A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by chapters 62A and 62C, and the other laws of this state, whether or not the policy is issued in Minnesota, and meets or exceeds the following minimum standards:

(a) The minimum benefits for a covered individual shall, subject to the other provisions of this subdivision, be equal to at least 80 percent of the cost of covered services in excess of an annual deductible which does not exceed \$150 per person. The coverage shall include a limitation of \$3,000 per person on total annual out-of-pocket expenses for services covered under this subdivision. The coverage shall be subject to a maximum lifetime benefit of not less than \$250,000.

The \$3,000 limitation on total annual out-of-pocket expenses and the \$250,000 maximum lifetime benefit shall not be subject to change or substitution by use of an actuarially equivalent benefit.

(b) Covered expenses shall be the usual and customary charges for the following services and articles when prescribed by a physician:

(1) hospital services;

(2) professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than ~~outpatient mental or dental~~, which are rendered by a physician or at the physician's direction;

(3) drugs requiring a physician's prescription;

(4) services of a nursing home for not more than 120 days in a year if the services would qualify as reimbursable services under medicare;

(5) services of a home health agency if the services would qualify as reimbursable services under medicare;

(6) use of radium or other radioactive materials;

(7) oxygen;

(8) anesthetics;

(9) prostheses other than dental;

(10) rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids;

(11) diagnostic X-rays and laboratory tests;

(12) oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth;

(13) services of a physical therapist; ~~and~~

(14) transportation provided by licensed ambulance service to the nearest facility qualified to treat the condition; or a reasonable mileage rate for transportation to a kidney dialysis center for treatment; and

(15) services of an occupational therapist.

(c) Covered expenses for the services and articles specified in this subdivision do not include the following:

(1) any charge for care for injury or disease either (i) arising out of an injury in the course of employment and subject to a workers' compensation or similar law, (ii) for which benefits are payable without regard to fault under coverage statutorily required to be contained in any motor vehicle, or other liability insurance policy or equivalent self-insurance, or (iii) for which benefits are payable under another policy of accident and health insurance, medicare or

any other governmental program except as otherwise provided by law;

(2) any charge for treatment for cosmetic purposes other than for reconstructive surgery when such service is incidental to or follows surgery resulting from injury, sickness or other diseases of the involved part or when such service is performed on a covered dependent child because of congenital disease or anomaly which has resulted in a functional defect as determined by the attending physician;

(3) care which is primarily for custodial or domiciliary purposes which would not qualify as eligible services under medicare;

(4) any charge for confinement in a private room to the extent it is in excess of the institution's charge for its most common semiprivate room, unless a private room is prescribed as medically necessary by a physician, provided, however, that if the institution does not have semiprivate rooms, its most common semiprivate room charge shall be considered to be 90 percent of its lowest private room charge;

(5) that part of any charge for services or articles rendered or prescribed by a physician, dentist, or other health care personnel which exceeds the prevailing charge in the locality where the service is provided; and

(6) any charge for services or articles the provision of which is not within the scope of authorized practice of the institution or individual rendering the services or articles.

(d) The minimum benefits for a qualified plan shall include, in addition to those benefits specified in clauses (a) and (e), benefits for well baby care, effective July 1, 1980, subject to applicable deductibles, coinsurance provisions, and maximum lifetime benefit limitations.

(e) Effective July 1, 1979, the minimum benefits of a qualified plan shall include, in addition to those benefits specified in clause (a), a second opinion from a physician on all surgical procedures expected to cost a total of \$500 or more in physician, laboratory and hospital fees, provided that the coverage need not include the repetition of any diagnostic tests.

(f) Effective August 1, 1985, the minimum benefits of a qualified plan must include, in addition to the benefits specified in clauses (a), (d), and (e), coverage for special dietary treatment for phenylketonuria when recommended by a physician.

(g) Outpatient mental health coverage is subject to section 62A.152, subdivision 2.

Sec. 39. Minnesota Statutes 1986, section 62E.14, is amended by adding a subdivision to read:

Subd. 5. [TERMINATED EMPLOYEES.] An employee who is voluntarily or involuntarily terminated or laid off from employment and unable to exercise the option to continue coverage under section 62A.17 may enroll, within 60 days of termination or lay-off, with a waiver of the preexisting condition limitation set forth in subdivision 3 and a waiver of the evidence of rejection set forth in subdivision 1, paragraph (c).

Sec. 40. [62E.18] [HEALTH INSURANCE FOR RETIRED EMPLOYEES NOT ELIGIBLE FOR MEDICARE.]

A Minnesota resident who is age 65 or over and is not eligible for the health insurance benefits of the federal Medicare program is entitled to purchase the benefits of a qualified plan, one or two, offered by the Minnesota comprehensive health association without any of the limitations set forth in section 62E.14, subdivision 1, paragraph (c).

Sec. 41. Minnesota Statutes 1986, section 62F.041, subdivision 2, is amended to read:

Subd. 2. This section shall expire on June 30, ~~1987~~ 1989.

Sec. 42. Minnesota Statutes 1986, 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~~ may not extend beyond a period of one year from the date on which the authorization under section 62F.04 ends. 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 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 the commissioner determines it is misleading or violates public policy.

Sec. 43. Minnesota Statutes 1986, section 62H.04, is amended to read:

62H.04 [COMPLIANCE WITH OTHER LAWS.]

A joint self-insurance plan is subject to the requirements of ~~chapter~~ chapters 62A, and 62E, and sections 72A.17 to 72A.32

unless otherwise specifically exempt. A joint self-insurance plan must not offer less than a number two qualified plan or its actuarial equivalent.

Sec. 44. Minnesota Statutes 1986, section 62I.02, is amended by adding a subdivision to read:

Subd. 4. The association shall have no liability for premium taxes under section 60A.15, or any other taxes or assessments imposed by the state.

Sec. 45. Minnesota Statutes 1986, section 62I.03, subdivision 5, is amended to read:

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. 46. Minnesota Statutes 1986, section 62I.04, is amended to read:

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. 47. Minnesota Statutes 1986, section 62I.16, subdivision 3, is amended to read:

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.

Sec. 48. Minnesota Statutes 1986, section 62I.22, subdivision 2, is amended to read:

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. The notice must contain a statement that anyone wishing to oppose activation beyond 180 days for any particular class, must file a petition to intervene with the administrative law judge at least ten days before the hearing date. If no notice to intervene is filed for a class, then the class is activated beyond the 180-day period without further action.

Sec. 49. Minnesota Statutes 1986, section 62I.22, is amended by adding a subdivision to read:

Subd. 6. [CASE PRESENTATION.] The department of commerce, upon request by small businesses as defined by section 14.115, subdivision 1, shall assist small businesses in any specific class requesting continuation of coverage beyond the 180-day period, in coordinating the class and presenting the case in the contested hearing.

Sec. 50. Minnesota Statutes 1986, section 64B.11, subdivision 4, is amended to read:

Subd. 4. [FILING OF AMENDMENTS BY FOREIGN OR ALIEN SOCIETY.] Every foreign or alien society authorized to do business in this state shall file with the commissioner a duly certified copy of all amendments of, or additions to, its laws within 90 days after the enactment of same be subject to the requirements of section 72A.061, subdivision 2, as to amendments or additions to its bylaws.

Sec. 51. Minnesota Statutes 1986, section 64B.27, is amended to read:

64B.27 [ANNUAL LICENSE.]

Societies that are now authorized to transact business in this state may continue this business until the first day of June next succeed-

ing August 1, 1985. The authority of the societies and all societies hereafter licensed, may thereafter be renewed annually, subject to section 60A.13, subdivisions 1, 5, 6, and 7. However, a license so issued shall continue in full force and effect until the new license is issued or specifically refused. ~~For each license or renewal the society shall pay the commissioner \$20.~~ A duly certified copy or duplicate of the license is prima facie evidence that the licensee is a fraternal benefit society within the meaning of this chapter.

Sec. 52. Minnesota Statutes 1986, section 65A.01, subdivision 3a, is amended to read:

Subd. 3a. [CANCELLATION.] (1) There shall be printed in the policy or an endorsement attached to the policy a printed form in the following words:

When this policy has been issued to cover buildings used for residential purposes other than a hotel or motel and has been in effect for at least ~~six months~~ 60 days, or if it has been renewed, this policy shall not be canceled, except for one or more of the following reasons which shall be stated in the notice of cancellation:

- (a) Nonpayment of premium;
- (b) Misrepresentation or fraud made by or with the knowledge of the insured in obtaining the policy or in pursuing a claim thereunder;
- (c) An act or omission of the insured which materially increases the risk originally accepted;
- (d) Physical changes in the insured property which are not corrected or restored within a reasonable time after they occur and which result in the property becoming uninsurable; or
- (e) Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing the insurance.

Provided, however, that this limitation on cancellation shall not apply to additional coverages in a divisible policy, other than a policy of fire and extended coverage insurance. If this company cancels the additional coverages, it may issue a new, separate fire policy at a premium calculated on a pro rata basis for the remaining period of the original policy.

(2) The provisions of clause (1)(e) shall not be included in the language of the policy or endorsement unless the payment of dues to an association or organization, other than an insurance association

or organization, is a prerequisite to obtaining or continuing the insurance.

Sec. 53. Minnesota Statutes 1986, section 65A.03, subdivision 1, is amended to read:

65A.03 [BINDERS, TEMPORARY INSURANCE.]

Subdivision 1. [GENERALLY.] Binders or other contracts for temporary insurance may be made orally or in writing, and shall be deemed to include all the terms of such standard fire insurance policy and all such applicable endorsements as may be designated in such contract of temporary insurance; except that the ~~cancellation clause of such standard fire insurance policy and the clause specifying the hour of the day at which the insurance shall commence,~~ may be superseded by the express terms of such contract of temporary insurance.

Sec. 54. Minnesota Statutes 1986, section 65A.10, is amended to read:

65A.10 [LIMITATION.]

Nothing contained in sections 65A.08 and 65A.09 shall be construed to preclude insurance against the cost, in excess of actual cash value at the time any loss or damage occurs, of actually repairing, rebuilding or replacing the insured property. Where insurance covers the cost of replacing, rebuilding or repairing any loss or damaged property with equal or better kind of quality, the replacement, rebuilding or repair must be in accordance with the minimum code as required by state and/or local authorities.

Sec. 55. Minnesota Statutes 1986, section 65A.29, is amended by adding a subdivision to read:

Subd. 10. [RETURN OF UNEARNED PREMIUM.] Cancellation of a policy of homeowner's insurance pursuant to this section is not effective unless any unearned premium due the insured is returned to the insured with the notice of cancellation or is delivered or sent by mail to the insured so as to be received by the insured not later than the effective date of cancellation. If the premium has been forwarded by the insured's agent and debited to the agent's account with the company, upon cancellation the unearned premium shall be credited to the agent's account with the company.

Sec. 56. Minnesota Statutes 1986, section 65B.1311, is amended to read:

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. An insurer must issue a policy of private passenger insurance to the former spouse of a named insured, within the provisions of subdivision 2 of this section, if the following conditions are met:

(1) the former spouse has been an insured driver under the former policy for at least the six months immediately preceding the entry of a valid decree of dissolution of marriage;

(2) the former spouse makes application for a policy before the end of the policy period or within 60 days after the entry of the decree of dissolution of marriage, whichever is later;

(3) the appropriate premium is paid; and

(4) the former spouse and any person or persons who is to be an insured, as defined in section 65B.43, meets the insurer's eligibility standards for renewal policies.

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 and rating classification 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. 57. Minnesota Statutes 1986, section 65B.15, subdivision 1, is amended to read:

Subdivision 1. No cancellation or reduction in the limits of liability of coverage during the policy period of any policy shall be effective unless notice thereof is given and unless based on one or more reasons stated in the policy which shall be limited to the following:

1. Nonpayment of premium; or

2. The policy was obtained through a material misrepresentation;
or

3. Any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or

4. The named insured failed to disclose fully motor vehicle accidents and moving traffic violations of the named insured for the preceding 36 months if called for in the written application; or

5. The named insured failed to disclose in the written application any requested information necessary for the acceptance or proper rating of the risk; or

6. The named insured knowingly failed to give any required written notice of loss or notice of lawsuit commenced against the named insured, or, when requested, refused to cooperate in the investigation of a claim or defense of a lawsuit; or

7. The named insured or any other operator who either resides in the same household, unless the other operator is identified by name in any other policy as an insured; or customarily operates an automobile insured under such policy:

(a) has, within the 36 months prior to the notice of cancellation, had that person's driver's license under suspension or revocation; or

(b) is or becomes subject to epilepsy or heart attacks, and such individual does not produce a written opinion from a physician testifying to that person's medical ability to operate a motor vehicle safely, such opinion to be based upon a reasonable medical probability; or

(c) has an accident record, conviction record (criminal or traffic), physical condition or mental condition, any one or all of which are such that the person's operation of an automobile might endanger the public safety; or

(d) has been convicted, or forfeited bail, during the 24 months immediately preceding the notice of cancellation for criminal negligence in the use or operation of an automobile, or assault arising out of the operation of a motor vehicle, or operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or leaving the scene of an accident without stopping to report; or making false statements in an application for a driver's license, or theft or unlawful taking of a motor vehicle; or

(e) has been convicted of, or forfeited bail for, one or more violations within the 18 months immediately preceding the notice of cancellation, of any law, ordinance, or rule which justify a revocation of a driver's license.

8. The insured automobile is:

(1) so mechanically defective that its operation might endanger public safety; or

(2) used in carrying passengers for hire or compensation, provided however that the use of an automobile for a car pool shall not be considered use of an automobile for hire or compensation; or

(3) used in the business of transportation of flammables or explosives; or

(4) an authorized emergency vehicle; or

(5) subject to an inspection law and has not been inspected or, if inspected, has failed to qualify within the period specified under such inspection law; or

(6) substantially changed in type or condition during the policy period, increasing the risk substantially, such as conversion to a commercial type vehicle, a dragster, sports car or so as to give clear evidence of a use other than the original use.

Sec. 58. Minnesota Statutes 1986, section 65B.16, is amended to read:

65B.16 [STATEMENT OF REASONS FOR CANCELLATION OR REDUCTION.]

No notice of cancellation or reduction in the limits of liability of coverage of an automobile insurance policy under section 65B.15 shall be effective unless the specific underwriting or other reason or reasons for such cancellation or reduction in the limits of liability of coverage are stated in such notice and the notice is mailed or delivered by the insurer to the named insured at least 30 days prior to the effective date of cancellation; provided, however, that when nonpayment of premium is the reason for cancellation or when the company is exercising its right to cancel insurance which has been in effect for less than 60 days at least ten days notice of cancellation, and the reasons for the cancellation, shall be given. Information regarding moving traffic violations or motor vehicle accidents must be specifically requested on the application in order for a company to use those incidents to exercise its right to cancel within the first 59 days of coverage. When nonpayment of premiums is the reason for cancellation, the reason must be given to the insured with the notice of cancellation; and if the company is exercising its right to cancel within the first 59 days of coverage and notice is given with less than ten days remaining in the 59-day period, the coverage must be extended, to expire ten days after notice was mailed.

Sec. 59. [65B.162] [NOTICE OF POSSIBLE CANCELLATION.]

A written notice shall be provided to all applicants for private passenger insurance, at the time the application is submitted, containing the following language in bold print: "THE INSURER MAY ELECT TO CANCEL COVERAGE AT ANY TIME DURING THE FIRST 59 DAYS FOLLOWING ISSUANCE OF THE COVERAGE FOR ANY REASON WHICH IS NOT SPECIFICALLY PROHIBITED BY STATUTE."

Sec. 60. Minnesota Statutes 1986, section 65B.21, subdivision 2, is amended to read:

Subd. 2. Upon receipt of a written objection pursuant to the provisions herein, the commissioner ~~shall~~ may notify the insurer of receipt of such objection and of the right of the insurer to file a written response thereto within ten days of receipt of such notification. The commissioner may also order an investigation of the objection or complaint, the submission of additional information by the insured or the insurer about the action by the insurer or the objections of the insured, or such other procedure as the commissioner deems appropriate or necessary. Within 23 days of receipt of such written objection by an insured the commissioner shall approve or disapprove the insurer's action and shall notify the insured and insurer of the final decision. Either party may institute proceedings for judicial review of the commissioner's decision; provided, however, that the commissioner's final decision shall be binding pending judicial review.

Sec. 61. [65B.30] [COLLISION DAMAGE WAIVER FEE.]

Subdivision 1. [DEFINITIONS.] (a) The "assigned risk blended rate" is an average of the assigned risk plan collision rates of all classifications except those for drivers under age 21, for the Minneapolis territory, the highest rated territory in the state, and the lowest rated territory in the state divided by 365.

(b) A "collision damage waiver" is a discharge of the responsibility of the renter or leasee to return the motor vehicle in the same condition as when rented.

Subd. 2. [LIMITATION.] When a motor vehicle is rented or leased in the state of Minnesota, if coverage for a collision damage waiver is provided, the fee charged for any days coverage shall be no greater than the assigned risk blended rate.

Sec. 62. Minnesota Statutes 1986, section 65B.46, is amended to read:

65B.46 [RIGHT TO BENEFITS.]

Subdivision 1. If the accident causing injury occurs in this state, every person suffering loss from injury arising out of maintenance or

use of a motor vehicle or as a result of being struck as a pedestrian by a motorcycle has a right to basic economic loss benefits.

Subd. 2. If the accident causing injury occurs outside this state in the United States, United States possessions, or Canada, the following persons and their surviving dependents suffering loss from injury arising out of maintenance or use of a motor vehicle or as a result of being struck as a pedestrian by a motorcycle have a right to basic economic loss benefits:

(1) Insureds, and

(2) the driver and other occupants of a secured vehicle, other than (a) a vehicle which is regularly used in the course of the business of transporting persons or property and which is one of five or more vehicles under common ownership, or (b) a vehicle owned by a government other than this state, its political subdivisions, municipal corporations, or public agencies. The reparation obligor may, if the policy expressly states, extend the basic economic loss benefits to any stated area beyond the limits of the United States, United States possessions and Canada.

Subd. 3. For the purposes of sections 65B.41 to 65B.71, injuries suffered by a person while on, mounting or alighting from a motorcycle do not arise out of the maintenance or use of a motor vehicle although a motor vehicle is involved in the accident causing the injury.

Sec. 63. Minnesota Statutes 1986, 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 or taxicab 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. 64. Minnesota Statutes 1986, section 67A.05, subdivision 2, is amended to read:

Subd. 2. [FILING OF BYLAWS AND AMENDMENTS THERETO.] Every township mutual fire insurance company doing business within this state shall cause a copy of its bylaws to be certified to by its president and its secretary and file the same with the commissioner and thereafter every amendment to the bylaws of any township mutual fire insurance company, duly certified to by its

president and its secretary, shall within a reasonable time after its adoption be filed in the office of the commissioner be subject to the requirements of section 72A.061, subdivision 2, as to amendments or additions to its bylaws.

Sec. 65. Minnesota Statutes 1986, section 67A.06, is amended to read:

67A.06 [POWERS OF CORPORATION.]

Every corporation formed under the provisions of sections 67A.01 to 67A.26, shall have power:

- (1) To have succession by its corporate name for the time stated in its certificate of incorporation;
- (2) To sue and be sued in any court;
- (3) To have and use a common seal and alter the same at pleasure;
- (4) To acquire, by purchase or otherwise, and to hold, enjoy, improve, lease, encumber, and convey all real and personal property necessary for the purpose of its organization, subject to such limitations as may be imposed by law or by its articles of incorporation;
- (5) To elect or appoint in such manner as it may determine all necessary or proper officers, agents, boards, and committees, fix their compensation, and define their powers and duties;
- (6) To make and amend consistently with law bylaws providing for the management of its property and the regulation and government of its affairs;
- (7) To wind up and liquidate its business in the manner provided by chapter 60B; and
- (8) To indemnify certain persons against expenses and liabilities as provided in ~~section 300.082~~ 300.083. In applying ~~section 300.082~~ 300.083 for this purpose, the term "members" shall be substituted for the terms "shareholders" and "stockholders."

Sec. 66. Minnesota Statutes 1986, section 67A.231, is amended to read:

67A.231 [DEPOSIT OF FUNDS; INVESTMENT; LIMITATIONS.]

The directors of any township mutual insurance company may authorize the treasurer to invest any of its funds and accumulations in:

- (a) Bonds, notes, mortgages, or other obligations guaranteed by the full faith and credit of the United States of America and those for

which the credit of the United States is pledged to pay principal, interest or dividends, including United States agency and instrumentality bonds, debentures, or obligations;

(b) Bonds, notes, evidence of indebtedness, or other public authority obligations guaranteed by this state;

(c) Bonds, notes, evidence of the indebtedness or other obligations guaranteed by the full faith and credit of any county, municipality, school district, or other duly authorized political subdivision of this state;

(d) Loans upon improved and unencumbered real property in this state worth at least twice the amount loaned thereon, not including buildings, unless insured by property insurance policies payable to and held by the security holder;

(e) Real estate, including land, buildings and fixtures, located in this state and used primarily as home office space for the insurance company;

(f) Demand or time deposits or savings accounts in federally insured depositories located in this state to the extent that the deposit or investment is insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Corporation, or the National Credit Union Administration;

(g) Guarantee fund certificates of a mutual insurer which reinsures the business of the township mutual insurance company. The commissioner may by rule limit the amount of guarantee fund certificates which the township mutual insurance company may purchase and this limit may be a function of the size of the township mutual insurance company;

(h) Up to \$1,500 in stock of an insurer which issues directors and officers liability insurance to township mutual insurance company directors and officers.

Sec. 67. Minnesota Statutes 1986, section 70A.06, is amended by adding a subdivision to read:

Subd. 1a. Whenever an insurer files a change in a rate that will result in a 25 percent or more increase in a 12-month period over existing rates, the commissioner may hold a hearing to determine if the change is excessive. The hearing must be conducted under chapter 14. It shall be the responsibility of the insurer to show the

rate is not excessive. The rate is effective unless it is determined within 60 days as a result of the hearing that the rate is excessive.

Sec. 68. Minnesota Statutes 1986, section 70A.08, subdivision 3, is amended 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. 69. Minnesota Statutes 1986, section 72A.20, subdivision 11, is amended to read:

Subd. 11. [APPLICATION TO CERTAIN SECTIONS.] Violating any provision of the following sections of this chapter not set forth in ~~subdivisions 1 to 15~~ this section shall constitute an unfair method of competition and an unfair and deceptive act or practice: sections 72A.12, subdivisions 2, 3, and 4, 72A.16, subdivision 2, 72A.03 and 72A.04, 72A.08, subdivision 1 as modified by section 72A.08, subdivision 4, and 65B.13.

• Sec. 70. Minnesota Statutes 1986, section 72A.20, subdivision 17, is amended to read:

Subd. 17. [RETURN OF PREMIUMS UPON DEATH OF INSURED.] (a) Refusing, upon surrender of an individual policy of life insurance, to refund to the estate of the insured all unearned premiums paid on the policy covering the insured as of the time of the insured's death if the unearned premium is for a period of more than one month.

The insurer may deduct from the premium any previously accrued claim for loss or damage under the policy.

For the purposes of this section, a premium is unearned during the period of time the insurer has not been exposed to any risk of loss; or

(b) Refusing, upon termination or cancellation of a policy of automobile insurance under section 65B.14, subdivision 2, or a policy of homeowner's insurance under section 65A.27, subdivision 4, or a policy of accident and sickness under section 62A.01, to refund to the insured all unearned premiums paid on the policy covering the insured as of the time of the termination or cancellation if the unearned premium is for a period of more than one month.

The insurer may deduct from the premium any previously accrued claim for loss or damage under the policy.

For purposes of this section, a premium is unearned during the period of time the insurer has not been exposed to any risk of loss.

Sec. 71. Minnesota Statutes 1986, section 72A.20, is amended by adding a subdivision to read:

Subd. 18. [IMPROPER BUSINESS PRACTICES.] (a) Improperly withholding, misappropriating, or converting any money belonging to a policyholder, beneficiary, or other person when received in the course of the insurance business; or (b) engaging in fraudulent, coercive, or dishonest practices in connection with the insurance business.

Sec. 72. Minnesota Statutes 1986, section 72A.20, is amended by adding a subdivision to read:

Subd. 19. [SUPPORT FOR UNDERWRITING STANDARDS.] No life or health insurance company doing business in this state shall engage in any selection or underwriting process unless the insurance company establishes beforehand substantial data, actuarial projections, or claims experience which support the underwriting standards used by the insurance company. The data, projections, or claims experience used to support the selection or underwriting process is not limited to only that of the company. The experience, projections, or data of other companies or a rate service organization may be used as well.

Sec. 73. Minnesota Statutes 1986, section 72A.31, subdivision 1, is amended to read:

Subdivision 1. No person, firm or corporation engaged in the business of financing the purchase of real or personal property or of lending money on the security of real or personal property or who acts as agent or broker for one who purchases real property and borrows money on the security thereof, and no trustee, director, officer, agent or other employee of any such person, firm, or corporation shall directly or indirectly:

(1) require, as a condition precedent to such purchase or financing the purchase of such property or to loaning money upon the security of a mortgage thereon, or as a condition prerequisite for the renewal or extension of any such loan or mortgage or for the performance of any other act in connection therewith, that the person, firm or corporation making such purchase or for whom such purchase is to be financed or to whom the money is to be loaned or for whom such extension, renewal or other act is to be granted or performed negotiate any policy of insurance or renewal thereof covering such property through a particular agent, or insurer; or

(2) refuse to accept any policy of insurance covering such property because it was not negotiated through or with any particular agent, or insurer; or

(3) require any policy of insurance covering the property to exceed the replacement cost of the buildings on the mortgaged premises.

This section shall not prevent the disapproval of the insurer or a policy of insurance by any such person, firm, corporation, trustee, director, officer, agent or employee where there are reasonable grounds for believing that such insurance is unsatisfactory as to placement with an unauthorized insurer, the financial solvency of the insurer, adequacy of the coverage, adequacy of the insurer to assume the risk to be insured, the assessment features to which the policy is subject, or other grounds which are not arbitrary, unreasonable or discriminatory, nor shall this section forbid the securing of insurance or a renewal thereof at the request of the borrower or because of the borrower's failure to furnish the necessary insurance or renewal thereof.

Upon notice of any such disapproval of an insurer or a policy of insurance, the commissioner may order the approval of the insurer or the acceptance of the tendered policy of insurance, or both, if the commissioner determines such disapproval is not in accordance with the foregoing requirements. Failure to comply with such an order of the commissioner of commerce shall be deemed a violation of this section.

Sec. 74. Minnesota Statutes 1986, section 169.045, is amended by adding a subdivision to read:

Subd. 8. [INSURANCE.] In the event persons operating a motorized golf cart or four-wheel, all-terrain vehicle under this section cannot obtain liability insurance in the private market, that person may purchase automobile insurance, including no-fault coverage, from the Minnesota Automobile Assigned Risk Plan at a rate to be determined by the commissioner of commerce.

Sec. 75. [SPECIAL STUDY.]

The commissioner of health, with the advice and assistance of the commissioners of commerce and human services, shall prepare a report to the legislature which addresses the issues concerning reimbursement by third-party payors of home health care benefits for individuals with a medical condition which would require inpatient hospital services in the absence of home or community-based care, and who are dependent upon medical technology in order to avoid death or serious injury. Development of the report shall include participation by home care providers and third-party payors. The report must include recommendations for the adoption of definitions of home care, minimum standards of home care services, the costs of providing home care, and resolution of the issue of cost-shifting of home care. The report must be delivered to the legislature by January 15, 1988.

Sec. 76. [REPEALER.]

Minnesota Statutes 1986, sections 62A.12 and 67A.43, subdivision 3 are repealed.

Minnesota Rules, parts 2700.2400; 2700.2410; 2700.2420; 2700.2430; and 2700.2440 are repealed.

Sec. 77. [EFFECTIVE DATE.]

Sections 27 and 37 are effective for all group policies, all group subscriber contracts, all health maintenance contracts within the scope of Minnesota Statutes, chapters 62A, 62C, and 62D that are issued, delivered, or renewed in this state after August 1, 1987.

Section 74 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to insurance; requiring notification of group life or health coverage changes; eliminating mandatory temporary insurance agent licenses; requiring those who solicit insurance to act as agent for the insured; regulating surplus lines insurance; regulating rates and forms; regulating insurance plan administrators; regulating the renewal, nonrenewal, and cancellation of commercial liability and property insurance policies; providing continued group life coverage upon termination or layoff; providing for the establishment and operation of the insurance guaranty association and the life and health guaranty association; regulating accident and health insurance; providing for the extra-territorial application of coverages; requiring the treatment of pregnancy-related conditions in the same manner as other illnesses; mandating certain coverages; clarifying coverage for handicapped dependents; providing group coverage for ambulatory mental health services; providing continued group accident and health coverage upon termination or layoff; requiring coverage of current spouse and children; imposing surety bond requirements on certain health benefit plans; regulating Medicare supplement plan premium refunds; authorizing the renewal of certain long-term health policies; providing for the establishment and operation of the comprehensive health association and the joint underwriting association; providing comprehensive health insurance coverage for certain employees not eligible for Medicare; regulating fraternal benefit associations; regulating automobile insurance; limiting the cancellation of fire insurance binders and policies; providing for administration of the FAIR plan; limiting the grounds for cancellation or reduction in limits during the policy period; providing for the priority of security for payment of basic economic loss benefits; extending basic economic loss benefit protection; requiring coverages for former spouses; regulating collision damage waiver fees; extending no-fault benefits to pedestrians who are struck by motorcycles; regulating

township mutual insurance companies; authorizing investments in certain insurers; regulating trade practices; requiring life and health insurers to substantiate the underwriting standards they use; providing assigned risk plan coverage for certain vehicles used by the handicapped; providing for a special study of home health care benefits for certain individuals; amending Minnesota Statutes 1986, sections 60A.17, subdivisions 2c, 11, and 13; 60A.196; 60A.197; 60A.198, subdivision 3; 60A.23, subdivision 8; 60A.30; 60B.44, subdivisions 1, 4, 5, and 9; 60C.09; 61A.09, subdivision 1; 62A.01; 62A.02, subdivision 2; 62A.041; 62A.043, by adding a subdivision; 62A.141; 62A.146; 62A.152, subdivision 2; 62A.17; 62A.21; 62A.27; 62A.31, subdivision 1a; 62A.43, subdivision 2, and by adding a subdivision; 62A.48, by adding a subdivision; 62D.102; 62E.06, subdivision 1; 62E.14, by adding a subdivision; 62F.041, subdivision 2; 62F.06, subdivision 1; 62H.04; 62I.02, by adding a subdivision; 62I.03, subdivision 5; 62I.04; 62I.16, subdivision 3; 62I.22, subdivision 2, and by adding a subdivision; 64B.11, subdivision 4; 64B.27; 65A.01, subdivision 3a; 65A.03, subdivision 1; 65A.10; 65A.29, by adding a subdivision; 65B.1311; 65B.15, subdivision 1; 65B.16; 65B.21, subdivision 2; 65B.46; 65B.47, subdivision 1; 67A.05, subdivision 2; 67A.06; 67A.231; 70A.06, by adding a subdivision; 70A.08, subdivision 3; 72A.20, subdivisions 11, 17, and by adding subdivisions; 72A.31, subdivision 1; and 169.045, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 60A; 62A; 62E; and 65B; repealing Minnesota Statutes 1986, sections 62A.12; and 67A.43, subdivision 3; and Minnesota Rules, parts 2700.2400 to 2700.2440."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 401, A bill for an act relating to environment; providing criminal penalties for violation of laws and rules relating to hazardous waste; providing for the distribution and expenditure of monetary penalties; amending Minnesota Statutes 1986, sections 115.071, subdivision 2; and 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115; repealing Minnesota Statutes 1986, section 115.071, subdivisions 2a and 2b.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 115.071, subdivision 2, is amended to read:

Subd. 2. [CRIMINAL PENALTIES.] (a) [VIOLATIONS OF LAWS; ORDERS; PERMITS.] (1) Except as provided in subdivisions 2a and

~~2b~~ section 2, any person who willfully or negligently violates any provision of this chapter or chapter 116, or any standard, rule, variance, order, stipulation agreement, schedule of compliance or permit issued or adopted by the agency thereunder, which violation is not included in clause (2), shall upon conviction be guilty of a misdemeanor.

(2) Any person who willfully or negligently violates any effluent standard and limitation or water quality standard adopted by the agency, any National Pollutant Discharge Elimination System permit or any term or condition thereof, any duty to permit or carry out any recording, reporting, monitoring, sampling, information entry, access, copying, or other inspection or investigation requirement as provided under applicable provisions of this chapter and, with respect to the pollution of waters of the state, chapter 116, or any National Pollutant Discharge Elimination System filing requirement, shall upon conviction be punished by a fine of not less than \$2,500 in the event of a willful violation or not less than \$300 in the event of a negligent violation. In any case the penalty shall not be more than \$40,000 per day of violation or by imprisonment for not more than one year, or both. If the conviction is for conduct committed after a first conviction of such person under this subdivision, punishment shall be by fine of not more than \$50,000 per day of violation, or by imprisonment for not more than two years, or both.

(b) [INFORMATION AND MONITORING.] Any person who knowingly makes any false statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained under this chapter and, with respect to the pollution of the waters of the state, chapter 116, or standards, rules, orders, stipulation agreements, schedule of compliance or permits pursuant hereto, or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards, rules, variances, orders, stipulation agreements, schedules of compliance, or permits pursuant thereto, shall upon conviction, be punished by a fine of not more than \$20,000 per day of violation, or by imprisonment for not more than six months, or both.

(c) [DUTY OF LAW ENFORCEMENT OFFICIALS.] It shall be the duty of all county attorneys, sheriffs and other peace officers, and other officers having authority in the enforcement of the general criminal laws to take all action to the extent of their authority, respectively, that may be necessary or proper for the enforcement of said provisions, rules, standards, orders, stipulation agreements, variances, schedule of compliance, or permits.

Sec. 2. [115.073] [HAZARDOUS WASTE; CRIMINAL PENALTIES.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Deliver" or "delivery" means the transfer of possession of hazardous waste, with or without consideration.

(b) "Hazardous waste" means any substance identified or listed as a hazardous waste under the rules adopted under chapter 115, 116, or 221.

(c) "Know" has the meaning given it in section 609.02.

(d) "Permit" means a permit issued by the agency or a facility that qualified for interim status under the agency rules specifying the qualifications for that status.

(e) "Serious bodily injury" means:

(1) bodily injury that involves a substantial risk of death;

(2) unconsciousness;

(3) extreme physical pain;

(4) protracted and obvious disfigurement; or

(5) protracted loss or impairment of the function of a bodily member, organ, or mental faculty.

Subd. 2. [PROOF OF KNOWING STATE OF MIND.] Knowledge possessed by a person other than the defendant but not by the defendant may not be attributed to the defendant.

In proving a defendant's actual knowledge, circumstantial evidence may be used, including evidence that the defendant took affirmative steps to shield the defendant from relevant information.

Proof of a defendant's knowledge of the existence or constitutionality of chapter 115, 116, or 221 or the rules adopted under those chapters under which the defendant is prosecuted, or the scope or meaning of the terms used in those chapters or rules, is not required.

Proof of a defendant's reason to know may not consist solely of the fact that the defendant held a certain job or position of management responsibility. If evidence of the defendant's job or position is offered, it must be corroborated by evidence of defendant's reason to know. Corroborating evidence must include but is not limited to evidence that the defendant had information regarding the offense for which the defendant is charged, that the information pertained to hazardous waste management practices directly under the defendant's

control or within the defendant's supervisory responsibilities, and that the information would cause a reasonable and prudent person in the defendant's position to learn the actual facts.

Subd. 3. [FELONY PENALTY FOR KNOWING ENDANGERMENT.] A person who knowingly, or with reason to know, transports, treats, stores, or disposes of hazardous waste in violation of subdivision 4 or 5, and who, at the time of the violation, knowingly places or has reason to know that the person's conduct places another person in imminent danger of death or serious bodily injury, is guilty of a felony. An individual who is convicted of violating this subdivision may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$100,000, or both. A person other than an individual that is convicted of violating this subdivision may be sentenced to payment of a fine of not more than \$1,000,000.

Subd. 4. [FELONY PENALTY FOR UNLAWFUL DISPOSAL.] A person who knowingly, or with reason to know, disposes of hazardous waste or arranges for the disposal of hazardous waste at a location other than one permitted by the agency or the United States Environmental Protection Agency, or in violation of any material condition of a permit, is guilty of a felony. An individual who is convicted of violating this subdivision may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$50,000, or both. A person other than an individual that is convicted of violating this subdivision may be sentenced to payment of a fine of not more than \$50,000.

Subd. 5. [FELONY PENALTY FOR UNLAWFUL TREATMENT, STORAGE, TRANSPORTATION, OR DELIVERY; FALSE STATEMENTS.] (a) A person who knowingly, or with reason to know, does any of the following is guilty of a felony and may be sentenced as provided in paragraph (b):

(1) delivers hazardous waste to another person except as authorized by chapter 115, 116, or 221 and the rules adopted under any of them or the federal Resource Conservation and Recovery Act, and the regulations adopted under that act;

(2) treats or stores hazardous waste without a permit if a permit is required, or in violation of the material terms or conditions of a permit held by the person, unless these circumstances were caused by the acts of a third party or parties and the agency was immediately notified of these circumstances;

(3) transports hazardous waste to any location other than a facility that is authorized to receive, treat, store, or dispose of the hazardous waste;

(4) transports hazardous waste without a manifest;

(5) makes a false material statement, representation, or omission in an application for a permit or license required by chapter 115, 116, or 221 to treat, transport, store, or dispose of hazardous waste; or

(6) makes a false material statement, representation, or omission in or on a label, manifest, record, report, or other document filed, maintained, or used for purpose of compliance with chapter 115, 116, or 221 in connection with the generation, transportation, disposal, treatment, or storage of hazardous waste.

(b) An individual convicted of an offense under paragraph (a) may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$25,000, or both, and, upon conviction for a second or subsequent offense under paragraph (a), may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$50,000, or both. A person other than an individual that is convicted of an offense under paragraph (a) may be sentenced to payment of a fine of not more than \$25,000 and, upon conviction for a second or subsequent offense under paragraph (a), may be sentenced to payment of a fine of not more than \$50,000.

Subd. 6. [NEGLIGENT VIOLATION AS GROSS MISDEMEANOR.] A person who negligently commits any of the violations set forth in subdivision 4 or 5 is guilty of a gross misdemeanor. Notwithstanding section 609.02, subdivision 4:

(1) an individual convicted of violating this subdivision may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$15,000, or both; and

(2) a person other than an individual that is convicted of violating this subdivision may be sentenced to payment of a fine of not more than \$15,000. Each day of violation is a separate violation.

Subd. 7. [DUTY OF LAW ENFORCEMENT OFFICIALS.] It is the duty of all county attorneys, sheriffs, and other peace officers, and other officers having authority for the enforcement of the general criminal laws to take action, to the extent of their authority, necessary to enforce subdivisions 1 to 7.

Subd. 8. [LIMITATIONS; AGGREGATIONS.] (a) Notwithstanding the provisions of section 628.26 or any other provision of the criminal laws of this state, indictments or complaints for violation of subdivisions 3 to 6, except violations relating to false material statements, representations, or omissions, shall be found or made and filed in the proper court within six years after the commission of the offense.

(b) When two or more offenses in violation of subdivisions 1 to 6 are committed by the same person in two or more counties within a two-year period, the offenses may be aggregated and the accused may be prosecuted in any county in which one of the offenses was committed, provided, however, that the defendant may request a change of venue to any of the counties where an offense alleged in the complaint was committed. The case may be transferred to that county (1) if the court is satisfied that a fair and impartial trial cannot be had in the county in which the case is pending; (2) for the convenience of parties and witnesses; (3) in the interests of justice; or (4) because of prejudicial publicity.

Subd. 9. [PAYMENT OF REWARDS.] (a) The director of the agency may pay a reward to an individual, other than a peace officer or employee of the agency or county engaged in enforcement of hazardous waste regulations, for information leading to the conviction of a person for a criminal offense arising under section 2, subdivisions 3, 4, and 5. A reward must not exceed \$1,000. The director shall pay the rewards out of money appropriated under paragraph (b) or from other funds donated to the agency for that purpose.

(b) The amounts necessary to pay rewards under paragraph (a) are appropriated from the environmental response, compensation, and compliance fund to the agency for payment by the director.

Sec. 3. Minnesota Statutes 1986, section 609.531, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of this section, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation in connection with a designated offense and includes, but is not limited to, motor vehicles, trailers, snowmobiles, airplanes, and vessels. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Primary container" means a fundamental receptacle other than a conveyance device used to store or transport property.

(c) "Weapon used" means weapons used in the furtherance of a crime and defined as a dangerous weapon under section 609.02, subdivision 6.

(d) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(e) "Contraband property" means property which is illegal to possess under Minnesota law.

(f) "Appropriate agency" means either the bureau of criminal apprehension, Minnesota state patrol, county sheriffs and their deputies, or city police departments.

(g) "Designated offense" includes:

(1) For weapons used: any violation of this chapter;

(2) For all other purposes: violation of, or an attempt or conspiracy to violate, section 2, subdivisions 3 to 5; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322, subdivision 1 or 2; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.521; 609.525; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.687; 609.825; 609.86; 609.88; 609.89; or 617.246, when the violation constitutes a felony.

(h) "Communications device or component" means a device or system used to facilitate in any manner the creation, storage, dissemination, or transmission of data in connection with a designated offense and includes computers and computer-related components as defined in section 609.87 and any other device or system that by means of electric, electronic or magnetic impulses may be used to facilitate in any manner the creation, storage, dissemination, or transmission of data.

Sec. 4. [REPEALER.]

Minnesota Statutes 1986, section 115.071, subdivisions 2a and 2b, are repealed."

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

The report was adopted.

Otis from the Committee on Economic Development and Housing to which was referred:

H. F. No. 449, A bill for an act relating to economic development; authorizing economic development authorities to construct and furnish buildings; providing for a referendum on an economic development authority's issuance of general obligation bonds;

amending Minnesota Statutes 1986, section 458C.14, by adding a subdivision; and section 458C.15, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 458C.14, subdivision 1, is amended to read:

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 458C.01 to 458C.23 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.

Sec. 2. Minnesota Statutes 1986, section 458C.14, is amended by adding a subdivision to read:

Subd. 12. [CONSTRUCTION AND FURNISHING OF BUILDINGS.] The authority may, if construction is in the public interest, construct buildings or other structures on land owned by it. The authority may furnish capital equipment located permanently or used exclusively on the land or in the buildings if necessary to the purposes of the buildings or other 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.

Sec. 3. Minnesota Statutes 1986, section 458C.15, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; PROCEDURE.] An economic development authority may issue general obligation bonds in the principal amount authorized by ~~two-thirds majority vote~~ a 60 percent 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 458C.01 to 458C.23. 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 458C.01 to 458C.23 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. No election shall be required to authorize the issuance of bonds except as required in subdivision 1a.

Sec. 4. Minnesota Statutes 1986, section 458C.15, is amended by adding a subdivision to read:

Subd. 1a. [REFERENDUM ON PETITION.] Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the bonds, and if within 21 days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election.

Sec. 5. Minnesota Statutes 1986, section 458C.15, is amended by adding a subdivision to read:

Subd. 1b. [OUTSIDE DEBT LIMIT.] Bonds issued by the authority must not be included in the net debt of its city. Money received under this section must not be included in a per person limit on taxing or spending in the city's charter. The authority is also exempt from the limit."

Delete the title and insert:

"A bill for an act relating to economic development; expanding the definition of economic development district; authorizing economic development authorities to construct and furnish buildings; providing for a referendum on an economic development authority's issuance of general obligation bonds; exempting economic development authority bonds from net debt limits; amending Minnesota Statutes 1986, sections 458C.14, subdivision 1, and by adding a subdivision; and 458C.15, subdivision 1, and by adding subdivisions."

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

The report was adopted.

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

H. F. No. 454, A bill for an act relating to insurance; regulating unfair settlement practices of automobile insurers; requiring repairs

with original equipment parts; providing an exception; regulating insurance appraisals; revising the truth-in-repairs act to require disclosure of whether new parts are original equipment parts; amending Minnesota Statutes 1986, sections 72A.20, subdivision 12a; 72B.091, subdivision 2; 325F.56, subdivision 8; and 325F.60, subdivision 1.

Reported the same back with the following amendments:

Pages 1 to 12, delete section 1

Page 13, line 20, delete "the vehicle owner has given"

Page 13, delete lines 21 and 22, and insert "the appraisal discloses to the vehicle owner which parts to be used are nonoriginal equipment manufacturer's parts. As to any nonoriginal equipment manufacturer parts, the appraisal must disclose whether the parts are covered by a warranty and the duration of the warranty. The vehicle owner may reject the use of nonoriginal equipment manufacturer parts."

Page 13, line 33, after "If" insert "crash"

Page 13, line 35, after the second "parts" insert ". If the estimate lists nonoriginal equipment manufacturer crash parts, the estimate must disclose whether the parts are covered by a warranty and the duration of the warranty"

Page 14, after line 4, insert:

"Sec. 3. Minnesota Statutes 1986, section 325F.56, is amended by adding a subdivision to read:

Subd. 9. As used in this section, "crash parts" includes but is not limited to sheet metal body parts, such as hoods, fenders, panels, and bumpers which are used to repair a damaged motor vehicle."

Page 14, line 32, after "If" insert "crash"

Page 14, line 34, after "parts" insert ". If nonoriginal equipment manufacturer crash parts are used in the repair, the invoice must disclose whether the parts are covered by a warranty and the duration of the warranty"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete "72A.20, subdivision"

Page 1, line 9, delete "12a;" and after "8" insert ", and by adding a subdivision"

With the recommendation that when so amended the bill pass.

The report was adopted.

Otis from the Committee on Economic Development and Housing to which was referred:

H. F. No. 475, A bill for an act relating to neighborhood revitalization; providing for the creation of urban revitalization action programs for the cities of Minneapolis and Saint Paul; providing a low income housing credit; providing for changes in certain special assessment payment procedures; appropriating money; amending Minnesota Statutes 1986, sections 290.06, by adding a subdivision; and 429.061, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 281.17, is amended to read:

281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22, (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a), or (c) seasonal recreational land as defined in section 273.13, subdivision 27, paragraph (a), or subdivision 22, paragraph (c), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in section 6 sold to the state at a tax judgment sale shall be two years from the date of sale. The period of redemption for all other lands in a targeted neighborhood as defined in section 6 sold to the state at a tax judgment sale shall be one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Sec. 2. Minnesota Statutes 1986, section 290.06, is amended by adding a subdivision to read:

Subd. 20. [LOW INCOME HOUSING CREDIT.] A taxpayer may take as a credit against the tax due under this chapter an amount equal to the low income housing credit for which the taxpayer is eligible pursuant to section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1986, for the taxable year. The taxpayer's tax under this chapter shall be increased for any taxable year in which a recapture is required under section 42(j) of the Internal Revenue Code of 1986, as amended through December 31, 1986, by the amount of the federal recapture for that taxable year.

Sec. 3. Minnesota Statutes 1986, 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 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 Unless otherwise provided in the resolution, 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. 4. Minnesota Statutes 1986, section 462.445, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 462.415 to 462.705 (but not the power to levy and collect taxes or special assessments except as provided in sections 462.515 to 462.545 with respect to redevelopment projects only) including the following powers in addition to others granted in these sections:

(1) To sue and be sued; to have a seal, which shall be judicially noticed, and to alter the same at pleasure; to have perpetual succession; and to make, and from time to time to amend and repeal, rules and regulations not inconsistent with these sections;

(2) To employ an executive director, technical experts, and such officers, agents, and employees, permanent and temporary, as it may require, and determine their qualifications, duties, and compensation; for such legal services as it may require, to call upon the chief law officer of the municipality or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies, in its area of operation, such local public bodies, if requested, to make such services available;

(3) To delegate to one or more of its agents or employees such powers or duties as it may deem proper;

(4) Within its area of operation to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) Subject to the provisions of section 462.511, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute such leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take such action, as may be necessary or convenient to carry out the purposes of these sections;

(6) Within its area of operation to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by Minnesota Statutes 1945, chapter 117, and any amendments thereof or supplements thereto, to acquire real property which it may deem necessary for its purposes under these sections, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 462.425 or found to exist by section 462.415, subdivision 5, or is necessary to carry out a redevelopment project as defined in section 462.421, subdivision 13;

(7) Within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) of this subdivision, including by the exercise of the power of eminent domain, in the manner provided by chapter 117, and without the adoption of a resolution provided for in subdivision 1, clause (6), real property, and to demolish, remove, rehabilitate or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill and construct foundations or otherwise prepare the site for improvements, and to dispose of said property pursuant to section 462.525, provided that the provisions of section 462.525 requiring conformance to an urban renewal plan shall not apply, and to finance such activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 462.545 or by means of contributions from the municipality provided for in section 462.581, clause (9), or by any combination of such means; provided that, real property with buildings or improvements thereon shall only be acquired when the buildings or improvements are substandard; and provided further that the exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this subparagraph, substandard buildings or improvements mean buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community; or is a hazardous building as defined in section 463.15, subdivision 3.

(8) Within its area of operation to determine the level of income constituting low or moderate family income. Such income level shall be that level below which there is not available within the area of operation a substantial supply of decent, safe and sanitary housing provided by private enterprise without subsidy at prices or rents within the financial means of persons and families of such incomes. The authority may establish various income levels for various family sizes. In making its determination the authority may consider

income levels which may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use such determination as a basis for the maximum amount of income for admissions to housing development projects owned or operated by it;

(9) To provide in federally assisted projects such relocation payments and assistance as may be necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto.

Sec. 5. [FINDINGS AND PURPOSE.]

The legislature finds that certain neighborhoods in the cities of Minneapolis and Saint Paul are socially and economically distressed and physically blighted. The distressed and blighted nature of these neighborhoods is an economic and social crisis that affects the social and economic health of Minneapolis and Saint Paul, the metropolitan area, and the entire state. The distressed and blighted nature of these neighborhoods is evidenced by substandard, deteriorating, and vacant housing and commercial properties, declining property values, high crime rates, unemployment, poverty, and other adverse social and economic conditions.

The legislature further finds that the cities of Minneapolis and Saint Paul must build upon their past progress and intensify their efforts to revitalize distressed neighborhoods, and that the cities are unable to bear the sole financial burden for revitalizing their distressed neighborhoods due in part to the declining availability of federal funds and other resources. Therefore, the effort to revitalize distressed neighborhoods must include participation by state government and by organizations and individuals in the private and nonprofit sectors.

The public funds made available by this act should be used primarily to benefit those households with income less than 50 percent of the household median income for the Minneapolis and Saint Paul standard metropolitan statistical area. The two needs that these households require are jobs at sufficient wages to meet living needs and suitable housing at affordable costs. It is therefore a valid purpose for the state to assist the cities to preserve and promote the health, welfare, and safety of its low income citizens by providing funds for the preservation, improvement, expansion, and creation of housing and commercial properties serving, employing, or benefiting low income residents. It is not the purpose of this act to foster destruction of existing housing stock or commercial properties in the absence of plans for the relocation of current residents and replacement of commercial opportunities or lost housing units.

The purpose and intent of the Minneapolis and Saint Paul urban revitalization action act is to provide state assistance to a comprehensive effort by the cities of Minneapolis and Saint Paul to revitalize the most distressed neighborhoods in their cities. It is not the intent of this act to provide state assistance in order to replace funding from sources already available to the city, but rather to provide additional resources for carrying out the purposes of this act.

Sec. 6. [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] For the purposes of sections 6 to 14, the following terms have the meaning given them.

Subd. 2. [CITY.] "City" means the city of Minneapolis or the city of Saint Paul. For each city, any port authority, housing and redevelopment authority, or other agency or instrumentality, the jurisdiction of which is the territory of either city, shall be included within the meaning of city.

Subd. 3. [CITY COUNCIL.] "City council" means either the city council of Minneapolis or the city council of Saint Paul.

Subd. 4. [CITY MATCHING FUNDS.] "City matching funds" means the funds of a city specified in a revitalization and financing program to be expended to implement a revitalization program. The sources of city matching funds may include:

(1) funds from the general fund or any special fund of a city used to implement a revitalization program;

(2) funds paid or repaid to a city from the proceeds of any grant that a city has received from the federal government, any profit or nonprofit corporation, or any other entity or individual that are to be used to implement a revitalization program;

(3) tax increments received by a city under sections 273.71 to 273.78 or other law, if eligible, to be expended in the targeted neighborhood;

(4) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of a revitalization program;

(5) city funds to be used to install, reinstall, repair, or improve the infrastructure facilities of a targeted neighborhood;

(6) funds contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued by

a city for a project or program related to the implementation of a revitalization program;

(7) funds derived from fees received by a city in connection with its community development activities that are to be used in implementing a revitalization program.

City matching funds do not include (i) any city funds used to provide a service or exercise a function that is ordinarily provided throughout the city unless an increased level of the service or function is to be provided in a targeted neighborhood in accordance with a revitalization program; (ii) the proceeds of any revenue bonds issued by the city under chapter 458, 462C, 472, or 474; or (iii) any administrative expenses that are incurred in connection with the planning or implementation of sections 5 to 14.

Subd. 5. [LOST UNIT.] "Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit which is not a cooperative, converted to a nonresidential use, or if the gross rent to be charged exceeds 125 percent of the gross rent charged for the unit six months prior to the start of rehabilitation.

Subd. 6. [TARGETED NEIGHBORHOOD.] "Targeted neighborhood" means an area including one or more census tracts as determined and measured by the Bureau of Census of the United States Department of Commerce that meet the criteria of section 7, subdivision 2, and any additional area designated under section 7, subdivision 3.

Subd. 7. [TARGETED NEIGHBORHOOD FUNDS.] "Targeted neighborhood funds" means the funds designated in the revitalization program to be used to implement the revitalization program.

Subd. 8. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.] "Targeted neighborhood revitalization and financing program," "revitalization program," or "program" means the targeted neighborhood revitalization and financing program adopted in accordance with section 8.

Sec. 7. [DESIGNATION OF TARGETED NEIGHBORHOODS.]

Subdivision 1. [CITY AUTHORITY.] A city may by resolution designate targeted neighborhoods within its borders after adopting detailed findings that the designated neighborhoods meet the eligibility requirements set forth in subdivisions 2 and 3.

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designa-

tion as a targeted neighborhood if the area meets two of the following three requirements:

(a) The area had an unemployment rate that was twice the unemployment rate for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(b) The median household income in the area was equal to or less than 50 percent of the median household income for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

(c) The area is characterized by residential dwelling units in need of substantial rehabilitation. An area qualifies under this clause if (1) 25 percent or more of the residential dwelling units are in substandard condition as determined by the city; or (2) 70 percent or more of the residential dwelling units in the area were built before 1940 as determined by the 1980 federal decennial census.

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] The city may add to the area designated as a targeted neighborhood under subdivision 2 additional area extending up to four contiguous city blocks in all directions from the designated targeted neighborhood. For the purpose of this subdivision, "city block" shall have the meaning determined by the city.

Sec. 8. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.]

Subdivision 1. [COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.] For each targeted neighborhood for which a city requests state financial assistance under section 11, the city must prepare a comprehensive revitalization and financing program that includes the following:

(1) the revitalization objectives of the city for the targeted neighborhood;

(2) the specific activities or means by which the city intends to pursue and implement the revitalization objectives;

(3) the extent to which the activities identified in clause (2) will benefit low and moderate income families, will alleviate the blighted condition of the targeted neighborhood, or otherwise assist in the revitalization of the targeted neighborhood;

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes

will be measured both qualitatively and quantitatively, and the estimated time over which they will occur; and

(5) a financing program and budget that identifies the financial resources necessary to implement the revitalization program. The financing program and budget must include the following items:

(i) the estimated total cost to implement the revitalization program;

(ii) the estimated cost to implement each activity in the revitalization program identified in clause (2);

(iii) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 9 to implement the revitalization program;

(iv) the estimated amount of the appropriation available under section 9 that will be necessary to implement the revitalization program;

(v) a description of the activities identified in the revitalization program for which the state appropriation will be used and the time or times at which the state appropriation will be committed or expended; and

(vi) a statement of how the city intends to meet the requirement for a financial contribution matching the state appropriation from city matching funds in accordance with section 9, subdivision 3.

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN REVITALIZATION PROGRAM DEVELOPMENT.] The city must develop a process to consult the residents in the targeted neighborhood concerning the development, drafting, and implementation of the revitalization program. The process may include the establishment of an advisory board in each city as provided for in subdivision 2a to assist the city in implementing the urban revitalization action act. The process must include at least one public hearing, in addition to any public hearing held by the advisory board, to be held within the targeted neighborhood to describe urban revitalization action programs prior to the development or drafting of a revitalization program for it. Any comments received by the city within 30 days after the public hearing in the targeted neighborhood must be reviewed and a written response provided to the individual or organization who initiated the comment. The response and comments shall be addressed in the public hearing by the city prior to approval for the program. Notice of the hearing must be provided to individuals and groups in the targeted neighborhood not less than ten days nor more than 30 days before the hearing by a newspaper of general circulation within the targeted neighborhood and by other general means of communication in the targeted neighborhood. The

city shall provide the necessary staff and other resources to implement the consultation process and to develop, draft, and implement the revitalization program.

Subd. 2a. [ADVISORY BOARD.] The governing body of the city may establish a seven-member advisory board to assist the city in implementing sections 5 to 14. The advisory board shall consist of one city council member appointed by the city council, one county commissioner appointed by the county board of the county in which the city is located, two legislators appointed by the city legislative delegation, and three residents who reside in a targeted neighborhood appointed by the city council. The advisory board shall advise the city on the preparation of the revitalization program including the conversion from absent-owner rental housing to home ownership, the promotion of commercial and industrial growth in targeted neighborhoods, and the integration of human service programs and the redevelopment in targeted neighborhoods.

Subd. 3. [PRELIMINARY CITY REVIEW; STATE AGENCY AND METROPOLITAN COUNCIL REVIEW.] Before adoption of the revitalization program under subdivision 4, the city must submit a draft program to the state planning agency, the department of energy and economic development, the Minnesota housing finance agency, and the metropolitan council for their comment. At the time of the submission of the draft program, the city shall publish a notice of the availability of the draft program for public review in a newspaper of general circulation within the targeted neighborhood and by other general means of communication in the targeted neighborhood. The city may not adopt the revitalization program until comments have been received from the state agencies and the metropolitan council or 30 days have elapsed without response after the program was sent to them. Any comments received by the city from the state agencies or the metropolitan council within the 30-day period must be responded to in writing by the city before adoption of the program by the city.

Subd. 4. [CITY APPROVAL.] The city may adopt the revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days prior to the date of the hearing.

Subd. 5. [CERTIFICATION TO DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.] A certification by the city that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the community development division of the department of energy and economic development together with a copy of the program. Copies of the program must also be provided to the state planning agency, the Minnesota housing finance agency, and the metropolitan council.

Subd. 6. [REVITALIZATION PROGRAM MODIFICATION.] The revitalization program may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing. If the city council determines that the proposed modification is a significant modification to the program originally certified under subdivision 5, it must implement the revitalization program approval process of subdivisions 2 to 5 for the proposed modification. If the proposed modification will require an increase in the amount of state appropriation available under section 9 for the revitalization program, the state planning agency, the department of energy and economic development, the Minnesota housing finance agency, and the metropolitan council must be notified and afforded an opportunity to comment on it in accordance with subdivision 3. Any modification to the revitalization program must be certified to the community development division of the department of energy and economic development as provided in subdivision 5.

Sec. 9. [DISBURSEMENT; CITY MATCH; DRAWDOWN; USES OF STATE FUNDS.]

Subdivision 1. [DISBURSEMENT OF STATE FUNDS.] Upon receipt from a city of the certification that a revitalization program has been adopted or modified, the community development division of the department of energy and economic development must, within 30 days, disburse to the city the amount of state funds identified as necessary to implement the revitalization program or program modification. State funds may be disbursed to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state funds have been disbursed to the city, they shall become targeted neighborhood funds for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on their use contained in this act and in the revitalization program.

Subd. 2. [FUND DISBURSEMENT.] A city may receive a part of the appropriations made available that is the proportion that the population of that city bears to the total population of both Minneapolis and Saint Paul. One city may agree to reduce its entitlement amount so that the other may receive an amount in excess of its entitlement amount. The population of each city for the purposes of this subdivision shall be determined according to the most recent estimates available to the community development division of the department of energy and economic development. Any interest earned by a city from funds disbursed to the city must be rebated to the community development division of the department of energy and economic development annually unless the revitalization program identifies the interest as necessary to implement the revital-

ization program and the requirement for city matching funds is satisfied with respect to the interest.

Subd. 3. [CITY MATCHING FUNDS; DRAWDOWN OF STATE FUNDS; RESTRICTION ON USE OF STATE FUNDS.] A city may expend state funds only if the revitalization program identifies city matching funds to be used to implement the program in an amount equal to the state appropriation. A city must keep the state funds in a segregated fund for accounting purposes. No state funds shall be used to pay the general administrative expenses of a city that are incurred in connection with the planning or implementation of sections 5 to 14.

Sec. 10. [CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD FUNDS.]

Subdivision 1. [CONSOLIDATION OF EXISTING POWERS IN TARGETED NEIGHBORHOODS.] A city may exercise any of its corporate powers within a targeted neighborhood including, but not limited to, all of the powers enumerated and granted by chapters 458, 462, 462C, 472, 472A, and 474. For the purposes of chapter 458, a targeted neighborhood shall be considered an industrial development district. A city may exercise the powers of chapter 458 in conjunction with, and in addition to, exercising the powers granted by chapters 462 and 462C in order to promote and assist housing construction and rehabilitation within a targeted neighborhood. For the purposes of section 462C.02, subdivision 9, a targeted neighborhood shall be considered a "targeted area."

Subd. 2. [GRANTS AND LOANS.] In addition to the authority granted by other law, a city may make grants and loans to individuals, for profit and nonprofit corporations, and other organizations to implement a revitalization program. The grants and loans shall contain the terms concerning use of funds, repayment, and other conditions the city deems proper to implement a revitalization program.

Subd. 3. [ELIGIBLE USES OF TARGETED NEIGHBORHOOD FUNDS.] The city may expend targeted neighborhood funds for any purpose authorized by subdivision 1 or 2. Any use of targeted neighborhood funds must be authorized by a revitalization program.

Sec. 11. [DELAYED VALUATION OF IMPROVEMENTS.]

Subdivision 1. [VALUATION INCREASE DELAYED.] Notwithstanding other provisions of law relating to assessed valuation of real property, the assessed valuation of property described in subdivision 2 based on the qualified improvements made during rehabilitation of a building on the property may not be increased during the rehabilitation year or any of the following five years. After the fifth

year following rehabilitation, the property shall be valued as other property in the same property class in that taxing district.

Subd. 2. [ELIGIBLE PROPERTY.] To be eligible for the valuation increase delay authorized in subdivision 1, (1) the property must be located in a designated targeted neighborhood as defined in section 6, and (2) the city must have certified that the revitalization and financing program for that neighborhood has been completed as required in section 8.

Subd. 3. [QUALIFIED IMPROVEMENTS.] To qualify for the valuation increase delay authorized in subdivision 1, the improvements to the eligible property must (1) be completed within one year after the issuance of the building permit for the improvements, and (2) not be recreational in character including, but not limited to, swimming pools, tennis courts, and hot tubs.

Subd. 4. [ASSESSOR.] The owner of the property must apply to the assessor prior to undertaking the rehabilitation. The application must include a description of the proposed rehabilitation project, an estimate of the cost of the project, and a projected completion date for the project. The assessor must determine if the property meets the eligibility requirements established in subdivision 2. The assessor shall maintain records of the location and number of eligible buildings having qualified improvements.

Subd. 5. [GENERAL INCREASES IN VALUATION.] Any increase in value of property which results from causes other than qualified improvements which are part of the project description provided to the assessor shall be added to the assessed valuation of the building.

Sec. 12. [HAZARDOUS BUILDING PENALTY.]

A city may assess a penalty equal to one percent of the assessed value of a building located in a targeted neighborhood defined in section 6 that the city determined to be hazardous as defined in section 463.15, subdivision 3. If the owner of the building has not paid the penalty within 30 days after receiving notice of the penalty, the penalty shall be considered delinquent. For the purposes of this section, a penalty which is delinquent shall be considered as a delinquent property tax and subject to chapters 279, 280, and 281 in the same manner as delinquent property taxes.

Sec. 13. [ANNUAL AUDIT AND REPORT.]

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] At the end of each calendar year beginning in 1988, the legislative auditor shall conduct a financial audit to review the spending of state funds under sections 5 to 14. Before spending any state funds to implement a revitalization program, the city must consult the legislative auditor

to determine appropriate accounting methods and principles that will assist the legislative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the state planning agency, the department of energy and economic development, the Minnesota housing finance agency, and the metropolitan council.

Subd. 2. [ANNUAL REPORT.] A city that begins to implement a revitalization program in any calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 8, subdivision 1, clause (4), are being achieved. The report must include at least the following:

(a) The number of housing units removed, created, lost, replaced, relocated, and assisted as a result of the program. The level of rent of the units and the income of the households affected must be included in the report.

(b) The number and type of commercial establishments removed, created, and assisted as a result of a revitalization program. The report must include information regarding the number of new jobs created by category, whether the jobs are full time or part time, and the salary or wage levels of both new and expanded jobs in the affected commercial establishments.

(c) A description of a statement of the cost of the public improvement projects that are part of the program and the number of jobs created per each \$20,000 of funds expended on commercial projects and applicable public improvement projects.

(d) The increase in the assessed valuation for the city as a result of the assistance to commercial and housing assistance.

(e) The amount of private investment that is a result of the use of public funds in a targeted neighborhood.

The report must be submitted to the state planning agency, the department of energy and economic development, the Minnesota housing finance agency, the metropolitan council, and the legislative audit commission, and must be available to the public.

Sec. 14. [APPROPRIATION; DISTRIBUTION.]

\$..... is appropriated from the general fund to the commissioner of energy and economic development for disbursement to the cities of Minneapolis and Saint Paul as provided in section 9, to be available until June 30, 1989.

Sec. 15. [EFFECTIVE DATE; LOCAL APPROVAL.]

Section 2 is effective for taxable years beginning after December 31, 1986.

Sections 6 to 14 are effective for the city of Minneapolis the day after compliance with section 645.021, subdivision 3, by the governing body of the city of Minneapolis.

Sections 6 to 14 are effective for the city of Saint Paul the day after compliance with section 645.021, subdivision 3, by the governing body of the city of Saint Paul."

Delete the title and insert:

"A bill for an act relating to neighborhood revitalization; providing for the creation of urban revitalization action programs for the cities of Minneapolis and Saint Paul; providing a low income housing credit; providing for changes in certain special assessment payment procedures; appropriating money; amending Minnesota Statutes 1986, sections 281.17; 290.06, by adding a subdivision; 429.061, subdivision 2; and 462.445, subdivision 1."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 555, A bill for an act relating to crimes; prohibiting giving peace officers false names; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

Reported the same back with the following amendments:

Page 1, line 9, delete everything after "gives"

Page 1, line 10, delete everything before "a" and before "name" insert "or fictitious" and after "name" insert "other than a nickname"

Page 1, line 11, before "altered" insert "fraudulently" and after "card" insert "to a peace officer, as defined in section 626.84, subdivision 2, paragraph (c),"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 580, A bill for an act relating to human rights; changing certain requirements relating to disabled persons; amending Minnesota Statutes 1986, sections 363.02, subdivisions 1 and 5; 363.03, subdivision 1; and 363.116.

Reported the same back with the following amendments:

Page 2, line 28, after the stricken comma insert "except for examinations authorized under chapter 176"

Page 3, line 2, after the stricken "job" insert "except for tests authorized under chapter 176"

With the recommendation that when so amended the bill pass.

The report was adopted.

Beginch from the Committee on Labor-Management Relations to which was referred:

H. F. No. 649, A bill for an act relating to employment; providing for severance pay and insurance coverage to certain terminated employees; requiring employers to provide notice of certain actions related to work force reductions; appropriating money; amending Minnesota Statutes 1986, section 268.07, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 268A.

Reported the same back with the following amendments:

Page 1, line 23, delete "collection" and insert "collective"

Pages 2 and 3, delete section 3

Page 3, line 22, delete "7" and insert "6"

Page 3, line 23, delete "7" and insert "6"

Page 4, line 8, delete "employee's" and insert "employer's"

Page 4, line 24, delete "7" and insert "6"

Page 4, line 28, delete "6" and insert "5"

Page 4, line 36, delete "6" and insert "5" in both places

Page 5, line 7, delete "7" and insert "6"

Page 5, line 13, delete "6" and insert "5"

Pages 5 and 6, delete section 8 and insert:

"Sec. 7. Minnesota Statutes 1986, section 267.05, is amended by adding a subdivision to read:

Subd. 3. [SUBCOMMITTEE.] A subcommittee of the full productivity and opportunity council is created consisting of the coordinator, the commissioner of jobs and training, the commissioner of energy and economic development, the director of the vocational technical education system, the representative from organized labor, and the representative from business. The subcommittee shall meet within 14 days after the commissioner of jobs and training receives a plant closing notification as required under section 2 and shall develop a plan for coordinating existing programs and services provided by the state and federal government to assist employees, businesses, and municipalities affected by a plant closing or major work force reduction.

State agencies and units of local government shall, to the extent feasible, make available those programs called for in the subcommittee plan."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 6, delete "appropriating money;"

Page 1, line 7, delete "268.07, subdivision 2" and insert "267.05, by adding a subdivision"

With the recommendation that when so amended the bill pass.

The report was adopted.

POINT OF ORDER

Heap raised a point of order pursuant to rule 5.7 that H. F. No. 649 be re-referred to the Committee on Appropriations. The Speaker ruled the point of order not well taken.

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

H. F. No. 734, A bill for an act relating to the Minnehaha Creek watershed district; providing for the establishment of a district project maintenance fund; authorizing a tax levy for repair and maintenance of existing district projects.

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

The report was adopted.

Otis from the Committee on Economic Development and Housing to which was referred:

H. F. No. 795, A bill for an act relating to economic development; recodifying provisions governing housing and redevelopment authorities, port authorities, economic development authorities, area redevelopment, municipal development districts, mined underground space development, rural development finance authorities, public development debt, enterprise zones, tax increment financing, and other local economic development tools; extending duration of bond allocation act; amending Minnesota Statutes 1986, sections 16B.61, subdivision 3; 41A.05, subdivision 2; 41A.06, subdivision 5; 115A.69, subdivision 9; 116J.27, subdivision 4; 116M.03, subdivisions 11, 19, and 28; 116M.06, subdivision 3; 116M.07, subdivision 11; 124.214, subdivision 3; 216B.49, subdivision 7; 268.38, subdivision 3; 272.02, subdivision 5; 272.026; 272.68, subdivision 4; 273.13, subdivisions 9 and 24; 273.1393; 282.01, subdivision 1; 290.61; 298.2211, subdivisions 1 and 3; 353.01, subdivision 6; 355.11, subdivision 5; 355.16; 412.251; 462C.02, subdivisions 6 and 9; 462C.05, subdivision 7; 462C.06; 465.54; 465.74, subdivision 7; 465.77; 471A.03, subdivision 9; 473.195, subdivision 1; 473.201, subdivision 1; 473.504, subdivision 11; 473.556, subdivision 6; 473.638, subdivision 2; 473.811, subdivision 8; 473.852, subdivision 6; 473F02, subdivision 3; 473F05; 473F08, subdivisions 2, 4, and 6; 475.525, subdivision 3; 477A.011, subdivision 7; 504.24, subdivision 2; and 609.321, subdivision 12; and Laws 1986, chapter 465, article 1, section 32; repealing Minnesota Statutes 1986, sections 273.1312; 273.1313; 273.1314; 273.71; 273.72; 273.73; 273.74; 273.75; 273.76; 273.77; 273.78; 273.86; 362A.01; 362A.02; 362A.03; 362A.04; 362A.041; 362A.05; 362A.06; 373.31; 426.055; 458.09; 458.091; 458.10; 458.11; 458.12; 458.14; 458.15; 458.16; 458.17; 458.18; 458.19; 458.191; 458.192; 458.193; 458.194; 458.1941; 458.195; 458.196; 458.197; 458.198; 458.199; 458.1991; 458.70; 458.701; 458.702; 458.703; 458.711; 458.712; 458.713; 458.72; 458.74; 458.741; 458.75; 458.76; 458.77; 458.771; 458.772; 458.773; 458.774; 458.775; 458.776; 458.777; 458.778; 458.79; 458.80; 458.801; 458.81; 458C.01; 458C.03; 458C.04; 458C.05; 458C.06; 458C.07; 458C.08;

458C.09; 458C.10; 458C.11; 458C.12; 458C.13; 458C.14; 458C.15; 458C.16; 458C.17; 458C.18; 458C.19; 458C.20; 458C.22; 458C.23; 459.01; 459.02; 459.03; 459.04; 459.05; 459.31; 459.32; 459.33; 459.34; 462.411; 462.415; 462.421; 462.425; 462.426; 462.427; 462.428; 462.429; 462.4291; 462.432; 462.435; 462.441; 462.445; 462.451; 462.455; 462.461; 462.465; 462.466; 462.471; 462.475; 462.481; 462.485; 462.491; 462.495; 462.501; 462.505; 462.511; 462.515; 462.521; 462.525; 462.531; 462.535; 462.541; 462.545; 462.551; 462.555; 462.556; 462.561; 462.565; 462.571; 462.575; 462.581; 462.585; 462.591; 462.595; 462.601; 462.605; 462.611; 462.615; 462.621; 462.625; 462.631; 462.635; 462.641; 462.645; 462.651; 462.655; 462.661; 462.665; 462.671; 462.675; 462.681; 462.685; 462.691; 462.695; 462.701; 462.705; 462.712; 462.713; 462.714; 462.715; 462.716; 465.026; 465.53; 465.55; 465.56; 472.01; 472.02; 472.03; 472.04; 472.05; 472.06; 472.07; 472.08; 472.09; 472.10; 472.11; 472.12; 472.125; 472.13; 472.14; 472.15; 472.16; 472A.01; 472A.02; 472A.03; 472A.04; 472A.05; 472A.06; 472A.07; 472A.09; 472A.10; 472A.11; 472A.12; 472A.13; 472B.01; 472B.02; 472B.03; 472B.04; 472B.05; 472B.06; 472B.07; 472B.08; 474.01; 474.02; 474.03; 474.04; 474.05; 474.06; 474.07; 474.08; 474.09; 474.10; 474.11; 474.13; 474.15; 477A.018; and 477A.019; and Laws 1985, chapters 173; 177; 188; 189; 199; 205; 206, sections 2 and 3; and 301, sections 3 and 4; proposing coding for new law as Minnesota Statutes, chapter 469.

Reported the same back with the following amendments:

Page 7, after line 26, insert:

"Subd. 23. [VETERANS.] "Veterans" has the meaning given in section 197.447, except as otherwise defined in a contract with the federal government providing for veterans' preferences, or as may be required by any federal law or regulation as a condition of federal financial assistance for a project."

Page 7, line 31, after "body" insert a comma

Page 9, line 33, after "Hennepin" insert "and Ramsey"

Page 9, line 35, after "body" insert a comma

Page 16, line 12, delete "his" and insert "the commissioner's or an employee's"

Page 16, line 13, delete "he" and insert "the commissioner or an employee"

Page 16, line 14, after "shall" insert "(a)"

Page 16, line 17, after "and" insert "(b)"

Page 16, line 24, delete "his" and insert "the"

Page 16, line 26, delete "he" and insert "the commissioner or employee"

Page 17, line 13, delete "his" and insert "the commissioner's or employee's"

Page 17, line 14, delete "he" and insert "the commissioner or employee"

Page 17, line 25, delete "he" and insert "the commissioner or employee"

Page 25, after line 33, insert:

"Subd. 4a. [VETERANS' PREFERENCES.] An authority may include in any contract with the federal government provision for veterans' and service persons' preferences that may be required by any federal law or regulation as a condition of federal financial assistance for a project."

Page 37, line 16, after "paid" insert "or incurred for which the family is liable"

Page 38, line 13, before "In" insert "As between applicants equally in need and eligible for occupancy of a dwelling and at the rent involved, preference shall be given to families of service persons who died in service and to families of veterans."

Page 39, line 12, after "housing" insert "; provided that the requirement in (1) shall not be applicable in the case of the family of any veteran who has been discharged, other than dishonorably, from, or the family of any service person who died in, the armed forces of the United States, if that family had made application for admission to the project within any time limit specified by federal law applicable to federal financial assistance for the project"

Page 53, line 28, after "by" insert "(1)"

Page 53, line 30, after the first "or" insert "(2)" and delete the second comma

Page 53, line 32, after the first "or" insert "(3)"

Page 57, line 33, delete "That amount" and insert "The service charge"

Page 58, lines 6 and 8, delete "amount" and insert "service charge"

Page 63, line 20, after the period insert "The contract shall provide that:

(a) after providing for all expenses, taxes, or payments in lieu of taxes, and assessments, there shall be paid annually out of the earnings of the developer from any project for interest paid to the developer or to any of its stockholders, amortization, and dividends a sum equal to but not exceeding eight percent of the total actual final cost of that project, defined as an amount equal to the actual cost plus an allowance for working capital that does not exceed an amount equal to five percent of the estimated cost, or of the total actual final cost of the project if that is greater than the estimated cost; that the obligation in respect of the payments shall be cumulative, and any deficiency in interest, amortization, and dividends in respect of that project in any year shall be paid from the first available earnings in subsequent years; and that any cash surplus derived from earnings from that project remaining in the treasury of the developer in excess of the amount necessary to provide such cumulative annual sums shall, upon a conveyance of the project or upon a dissolution of the company, be paid into the general fund of the city or town in which that project is located; and

(b) a provision that, so long as this section remains applicable to a project, the real property of the project shall not be sold, transferred, or assigned except as permitted by the terms of the contract or as subsequently approved by the governing body."

Page 65, line 35, delete "him" and insert "that party"

Page 72, line 25, after "4" insert "only"

Page 76, line 11, delete "ONE BANK ACCOUNT" and insert "REVENUE POOLING"

Page 82, line 17, delete "it" and insert "those lands"

Page 86, line 32, delete "RELATION TO OTHER" and insert "EXTENSION OF OTHER AUTHORITIES"

Page 87, line 5, delete the language after "[469.060]"

Page 87, delete line 6 and insert "[GENERAL OBLIGATION BONDS.]"

Page 112, delete lines 22 to 36

Page 113, delete lines 1 to 7

ReNUMBER the subdivisions in sequence

Page 117, line 9, delete "REALTY" and insert "REAL PROPERTY"

Page 149, line 29, after "project" insert "or"

Page 152, line 9, after "property" insert "in a redevelopment area"

Page 154, line 24, delete "energy and economic"

Page 154, line 25, delete "development"

Page 155, line 21, after "a" insert "local development corporation or a"

Page 155, line 35, delete "energy and"

Page 155, line 36, delete "economic development"

Page 157, line 2, after "type" insert ", classes,"

Page 158, line 16, delete "energy and economic development"

Page 158, line 34, after "LOANS" insert "; REVOLVING ACCOUNT"

Page 160, line 1, delete "MUNICIPAL" and insert "CITY"

Page 160, lines 4, 8, and 24, delete "municipality" and insert "city"

Page 160, line 7, delete "municipalities" and insert "cities"

Page 160, line 16, after the period insert "The legislature declares that the actions required to assist the implementation of these development programs are a public purpose and that the execution and financing of these programs are a public purpose."

Page 160, line 21, delete "MUNICIPALITY" and insert "CITY" and delete "Municipality" and insert "City"

Page 161, lines 4, 6, 19, 23, 25, 28, and 34, delete "municipality" and insert "city"

Page 161, line 7, after the period insert "The use of a public street or public right-of-way for pedestrian skyway travel only constitutes a public use and shall not require a vacation of the street or right-of-way."

Subd. 5. [SPECIAL LIGHTING SYSTEMS.] "Special lighting systems" means lights or light displays of any type located within or without the public right-of-way."

Renumber the subdivisions

Page 161, line 30, delete "municipality" and insert "city" in both places

Page 162, lines 1, 21, and 24, delete "municipality" and insert "city"

Page 163, line 5, after the comma insert "the people mover system,"

Page 163, lines 13, 28, and 35, delete "municipality" and insert "city"

Page 163, line 16, after "concourses," insert "people mover systems,"

Page 163, line 32, delete "municipality's" and insert "city's"

Page 164, lines 5, 9, 26, 29, and 34, delete "municipality" and insert "city"

Page 164, line 12, after the period insert "Tax increments may be applied in any manner permitted by section 177, subdivisions 2 and 4."

Page 164, line 36, delete "municipal" and insert "city"

Page 165, lines 7 and 19, delete "municipality" and insert "city"

Page 165, line 29, delete the paragraph coding

Page 166, line 31, delete "municipality" and insert "city"

Page 167, lines 1 and 6, after "677" insert a comma

Page 167, lines 2 and 7, after "764" insert a comma

Page 167, line 2, after "1974" insert a comma

Page 177, line 9, delete "he" and insert "the commissioner"

Page 198, line 23, delete "a standard metropolitan"

Page 198, delete lines 24 to 26, and insert "the area in and around a city of 50,000 inhabitants or more, or an equivalent area, as defined by the United States Secretary of Commerce."

Page 198, line 33, delete "which"

Page 198, delete lines 34 and 35

Page 198, line 36, delete "amended through December 31, 1986" and insert "except a facility the primary purpose of which is one of the following: retail food and beverage services; automobile sales or service; the provision of recreation or entertainment; or a private or commercial golf course, country club, massage parlor, tennis club, skating facility including roller skating, skateboard, and ice skating, racquet sports facility, including any handball or racquetball court, hot tub facility, suntan facility, or racetrack," and delete "is"

Page 206, after line 23, insert:

"Subd. 8. [ADDITIONAL ENTERPRISE ZONE ALLOCATIONS.]
(a) In addition to tax reductions authorized in subdivision 7, the commissioner may allocate \$600,000 for tax reductions pursuant to section 172, subdivisions 1 to 8, to hardship area zones or border city zones. Of this amount, a minimum of \$200,000 must be allocated to an area added to an enterprise zone pursuant to Laws 1986, chapter 465, article 2, 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 7 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 7; and

(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 section 172, subdivisions 1 to 8. 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 169, subdivision 4, paragraph (a), clauses (1) to (5), 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; and

(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."

Page 214, line 33, before the period insert "and may approve an additional specific application to amend the boundaries of that enterprise zone to include a sixth municipality or to further increase its area to include all or part of the territory of a town that surrounds one of the five municipalities, or both"

Page 214, line 34, delete "This section is" and insert "Sections 170, 172, 173, and this section are"

Page 227, line 33, after the comma insert "by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 91 to 109," and after "authority" insert "or economic development authority"

Page 227, line 35, after "municipality" insert "or economic development authority"

Page 243, line 25, after "of" insert a colon

Page 244, line 12, after "either" insert "(1)"

Page 244, line 13, after "or" insert "(2)"

Page 244, line 14, delete "if the" and insert a period

Page 244, delete lines 15 and 16

Page 246, line 8, after "any" insert "home rule charter or statutory"

Page 294, line 10, after "477A.019;" insert "Laws 1961, chapter 545; Laws 1963, chapters 254; and 827; Laws 1967, chapter 541; Laws 1969, chapter 98; Laws 1973, chapter 114; Laws 1974, chapter 218; Laws 1975, chapter 326; Laws 1976, chapter 234, section 3; Laws 1979, chapter 269, section 1; Laws 1980, chapters 453; and 595, sections 5 and 8; Laws 1982, chapter 523, article 24, section 2; Laws 1983, chapters 110; and 257, section 1; Laws 1984, chapters 397; 498; and 548, section 9" and after "189;" insert "192;"

Page 294, delete line 36

Page 295, delete line 1 and insert:

"Sec. 3. [EXISTING ENTITIES.]

Public and private bodies created by laws repealed in article 1 shall remain in existence despite the repeal in article 1 of the laws that created them."

Amend the title as follows:

Page 1, line 10, after the semicolon insert "modifying requirements for developers' tax abatements under the housing and redevelopment authority law; removing a sunset on certain St. Paul port authority provisions;"

Page 2, line 23, after "477A.019;" insert "Laws 1961, chapter 545; Laws 1963, chapters 254; and 827; Laws 1967, chapter 541; Laws 1969, chapter 98; Laws 1973, chapter 114; Laws 1974, chapter 218; Laws 1975, chapter 326; Laws 1976, chapter 234, section 3; Laws 1979, chapter 269, section 1; Laws 1980, chapters 453; and 595, sections 5 and 8; Laws 1982, chapter 523, article 24, section 2; Laws 1983, chapters 110; and 257, section 1; Laws 1984, chapters 397; 498; and 548, section 9"

Page 2, line 24, after "189;" insert "192;"

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 813, A bill for an act relating to bicycles; requiring bicycles using a shoulder of a roadway to ride in the same direction as adjacent vehicular traffic; redefining the term roadway; defining the term shoulder; allowing designation of bikeways by resolution or ordinance; adopting additional definitions of bicycle terms; amending Minnesota Statutes 1986, sections 85.016; 160.02, by adding a subdivision; 160.263, subdivisions 2, 3, and 4; 160.264; 160.265; 169.01, subdivisions 31 and 62, and by adding subdivisions; and 169.222, subdivision 4.

Reported the same back with the following amendments:

Page 3, lines 23 and 25, reinstate the stricken "shall" and delete "may"

Pages 3 and 4, delete section 5

Page 8, after line 10, insert:

"Sec. 15. [REPEALER.]

Minnesota Statutes 1986, section 160.263, subdivision 1, is repealed."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, delete "2, 3, and 4" and insert "2 and 3"

Page 1, line 12, after "4" insert "; repealing Minnesota Statutes 1986, section 160.263, subdivision 1"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 854, A bill for an act relating to judgments; clarifying the procedure and cost for filing foreign judgments; clarifying the procedure to be used in securing a judgment and execution; amend-

ing Minnesota Statutes 1986, sections 548.27; 548.30; 549.09; and 550.04.

Reported the same back with the following amendments:

Page 1, line 20, delete "must" and insert "may"

Page 4, line 8, after "the" insert "judgment"

Page 4, line 13, before "creditor's" insert "judgment"

Page 4, line 35, delete "A" and insert "If an affidavit is filed pursuant to subdivision 4, a" and after "or" insert "the judgment"

Page 5, lines 5 and 13, after the first "the" insert "judgment"

Page 5, line 10, after "the" insert "judgment"

Page 5, line 15, delete "such"

Page 5, line 22, strike "or" and after "coroner" insert a comma

Page 5, line 23, after the first "or" insert "to" and before "creditor" insert "judgment"

Page 5, line 24, before "creditor's" insert "judgment"

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

The report was adopted.

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

H. F. No. 935, A bill for an act relating to Ramsey county; authorizing the issuance of bonds for capital improvements and an annual levy for capital improvements and debt retirement; proposing coding for new law in Minnesota Statutes, chapter 383A.

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

The report was adopted.

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

H. F. No. 1030, A bill for an act relating to water pollution; providing for grants and loans for the construction and rehabilitation of wastewater treatment facilities and systems; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1986, sections 116.16, subdivision 5; 116.167; 116.18, subdivisions 2a, 3a, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

S. F. No. 499, A bill for an act relating to real property; providing for prima facie effect of certain statements in an acknowledgment; authorizing owners to create tenancies in common by direct conveyances to themselves and others; permitting the severance of joint tenancies by direct conveyances between spouses; providing for time limits upon actions relating to certain estates in real property; providing for the discharge of prior judgments against bankrupt debtors; providing for validation of certain conveyances executed by religious corporations; amending Minnesota Statutes 1986, sections 500.19, subdivision 4; 519.06; 519.09; and 519.101; Laws 1971, chapter 26; proposing coding for new law in Minnesota Statutes, chapters 358 and 548; repealing Minnesota Statutes 1986, section 548.18.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [358.50] [EFFECT OF ACKNOWLEDGMENT.]

An acknowledgment made in a representative capacity for and on behalf of a corporation, partnership, trust, or other entity and certified substantially in the form prescribed in this chapter is prima facie evidence that the instrument was executed and delivered with proper authority.

Sec. 2. Minnesota Statutes 1986, section 500.19, subdivision 4, is amended to read:

Subd. 4. [CONVERTING ESTATES.] An owner of an interest in real estate may convey the interest directly to that owner and one or more other persons as joint tenants or as tenants in common.

Sec. 3. Minnesota Statutes 1986, section 519.06, is amended to read:

519.06 [CONTRACTS BETWEEN HUSBAND AND WIFE.]

No contract between husband and wife relative to the real estate of either, or any interest therein, nor any power of attorney or other authority from the one to the other to convey real estate, or any interest therein, shall be valid, except as provided in section 500.19, ~~subdivision~~ subdivisions 4 and 5; but, in relation to all other subjects, either may be constituted the agent of the other, or contract with the other. In all cases where the rights of creditors or purchasers in good faith come in question, each spouse shall be held to have notice of the contracts and debts of the other as fully as if a party thereto.

Sec. 4. Minnesota Statutes 1986, section 519.09, is amended to read:

519.09 [DOWER AND CURTESY ABOLISHED.]

All inchoate estates or statutory interests in lieu of dower and curtesy in all lands in this state which have been conveyed prior to January 1, ~~1970~~ 1975, by the husband or wife of the one entitled to such inchoate dower or curtesy, or statutory interest, by a conveyance in writing, are hereby abolished.

Sec. 5. Minnesota Statutes 1986, section 519.101, is amended to read:

519.101 [ACTIONS NOT MAINTAINABLE.]

No action for the recovery of real property, or of any right therein, or the possession thereof, shall be maintained by any person having any estate in dower or by the curtesy or any estate or statutory interest in lieu of dower or by the curtesy therein, or by anyone claiming, by, through or under any such person, where it appears that the husband or wife of such person conveyed such real property, or any interest therein, by a conveyance in writing, prior to the first day of January, ~~1970~~ 1975; and no action shall be maintained for the recovery of real property, or of any right therein, or the possession thereof, by any person claiming by reason of failure of a spouse to join in a conveyance of land which constituted the homestead of the grantor at the time of the conveyance where such conveyance was made prior to January 1, ~~1970~~ 1975, unless such action shall be commenced on or prior to the first day of January, ~~1985~~ 1988, and

notice thereof filed for record at the time of the commencement of said action in the office of the county recorder in the county where said real property is situate.

Sec. 6. [548.181] [DISCHARGE OF JUDGMENTS AGAINST BANKRUPTCY DEBTORS.]

Subdivision 1. [APPLICATION FOR DISCHARGE.] A judgment debtor who has received a discharge under United States Code, title 11, or an interested party upon paying a filing fee of \$5, may apply to the court administrator of any court for the discharge of all judgments entered in that court against the judgment debtor that were ordered discharged by the bankruptcy discharge.

Subd. 2. [APPLICATION REQUIREMENTS; SERVICE.] An application under subdivision 1 must identify each judgment to be discharged, must be accompanied by a certified copy of the judgment debtor's bankruptcy discharge or a certificate by the clerk of the United States bankruptcy court of the discharge, must state the time the judgment creditor has to object as specified in subdivision 3 and the grounds for objection as specified in subdivision 4, must be served at the expense of the applicant on each judgment creditor in the manner provided for the service of a summons in a civil action, and must be accompanied by an affidavit of service.

Subd. 3. [OBJECTION TO DISCHARGE.] The court administrator shall discharge each judgment except a judgment in favor of a judgment creditor who has filed an objection to discharge of the judgment within 20 days after service of the application on the judgment creditor. An objection to discharge of a judgment must be served on the judgment debtor in the same manner as an answer in a civil action.

Subd. 4. [COURT ORDER.] If a judgment creditor objects to the discharge of a judgment, on motion of the judgment debtor, the judgment creditor, or other interested party, the court shall order the judgment discharged except to the extent that: (1) the debt represented by the judgment was not discharged by the bankruptcy discharge; or (2) the judgment was an enforceable lien on real property when the bankruptcy discharge was entered. If the judgment was an enforceable lien on some, but not all, real property of the judgment debtor, the discharge shall only be entered as to real property not subject to an enforceable lien.

Sec. 7. Laws 1971, chapter 26, is amended to read:

Section 1. [RELIGIOUS CORPORATIONS, CERTAIN DEEDS CONVEYANCES, VALIDATED.] All deeds heretofore conveyances executed by any religious corporation, organized under Minnesota Statutes, Chapter 315, conveying real property within this state which were recorded prior to July 1, 1970 1980, in the office of the

register of deeds county recorder or registrar of titles of the county in which the real estate conveyed is situate, and the record thereof, are hereby legalized, validated and confirmed, notwithstanding that the church records do not disclose that the execution of such deeds conveyances was authorized by the congregation of said religious corporation in the manner provided by law.

Sec. 2. [APPLICATION.] This act shall not apply to any action or proceeding now pending in any of the courts of this state wherein the validity of any such deed conveyance is being litigated.

Sec. 8. [REPEALER.]

Minnesota Statutes 1986, section 548.18, is repealed."

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

The report was adopted.

Otis from the Committee on Economic Development and Housing to which was referred:

H. F. No. 2, A bill for an act relating to economic development; rural development; renaming and providing powers to the agricultural resource loan guaranty board; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the rural development board; establishing the challenge grant program; establishing the customized training program; establishing the greater Minnesota corporation; establishing the state supplemental education grant program; establishing the Minnesota public finance authority; appropriating money; amending Minnesota Statutes 1986, sections 41A.01; 41A.02, subdivisions 3, 4, 6, and 11; 41A.05, subdivisions 1 and 2; 116.16, subdivisions 2 and 5; and 462.384, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 41A; 84; 116J; and 136A; proposing coding for new law as Minnesota Statutes, chapters 116N; 116P; and 446A; repealing Minnesota Statutes 1986, sections 41A.06, subdivision 2; 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 11A.24, is amended by adding a subdivision to read:

Subd. 8. [GREATER MINNESOTA CORPORATION.] The state board of investment may, subject to the provisions of subdivision 3,

invest funds in bonds or notes issued or guaranteed by the Greater Minnesota Corporation, the governor's council on rural development, or any other subsidiary of or entity administered by the Greater Minnesota Corporation.

Sec. 2. Minnesota Statutes 1986, section 15.01, is amended to read:

15.01 [DEPARTMENTS OF THE STATE.]

The following agencies are designated as the departments of the state government: the department of administration; the department of agriculture; the department of commerce; the department of corrections; the department of education; the department of jobs and training; the department of energy trade and economic development; the department of finance; the department of health; the department of human rights; the department of labor and industry; the department of military affairs; the department of natural resources; the department of employee relations; the department of public safety; the department of public service; the department of human services; the department of revenue; the department of transportation; the department of veterans affairs; and their successor departments.

Sec. 3. Minnesota Statutes 1986, section 41A.01, is amended to read:

41A.01 [PURPOSE.]

Sections 41A.01 to 41A.06 provide a framework for an agricultural resource loan guaranty program, the purposes of which are to further the development of the state's agricultural resources and improve the market for its agricultural products. All credit advanced pursuant to loan guaranty commitments is to be secured by subrogation of the state corporation to mortgage security and other security interests granted to the private lender, in proportion to the amount advanced by the state. A loan guaranty board is established to investigate the feasibility of each project, its conformity to public policy and to environmental standards, the qualifications of the owners, operators, and lenders, and the nature and extent of the security, prior to commitment. The board corporation shall also seek to secure financial participation by private persons not supported by the guaranty, to assure that in these respects each project satisfies and will continue to satisfy criteria which are adequate in the judgment of the board corporation.

Sec. 4. Minnesota Statutes 1986, section 41A.02, subdivision 4, is amended to read:

Subd. 4. [AGRICULTURAL RESOURCE LOAN GUARANTY FUND; GUARANTY FUND DEVELOPMENT ACCOUNT; DE-

VELOPMENT ACCOUNT; ACCOUNT.] "Agricultural resource loan guaranty fund development account," or "guaranty fund" "development account," or "account" means the fund account in the greater Minnesota fund created by section 41A.05.

Sec. 5. Minnesota Statutes 1986, section 41A.02, subdivision 5, is amended to read:

Subd. 5. [AGRICULTURAL RESOURCE LOAN GUARANTY DEVELOPMENT PROGRAM; PROGRAM.] "Agricultural resource loan guaranty development program" or "program" includes all projects, loan guaranties and bonds approved or issued pursuant to this chapter.

Sec. 6. Minnesota Statutes 1986, section 41A.02, subdivision 6, is amended to read:

Subd. 6. [AGRICULTURAL RESOURCE DEVELOPMENT PROJECT; PROJECT.] "Agricultural resource project" or "project" means (1) any facility, or portion of a facility, located in the state which is operated or to be operated primarily for the production from agricultural resources of marketable products, (2) buildings, equipment, and land used for the commercial production of turkeys or turkey products, or (3) a facility or portion of a facility used to commercially produce fish or fish products from commercially-produced fish. The land in clause (2) is limited to only that land on which the buildings and equipment are located and any immediately surrounding land used for storage, waste disposal, and other functions directly related to the commercial production of turkeys or turkey products at that project site. A project includes a facility or portion of a facility for mixing or producing substances to be mixed with other substances for use as a fuel or as a substitute for petroleum or petrochemical feedstocks.

Sec. 7. Minnesota Statutes 1986, section 41A.02, is amended by adding a subdivision to read:

Subd. 9a. [CORPORATION.] "Corporation" means the Greater Minnesota Corporation established in section 42.

Sec. 8. Minnesota Statutes 1986, section 41A.02, subdivision 11, is amended to read:

Subd. 11. [LENDER.] "Lender" means a corporation or any investment or commercial banking institution, savings and loan institution, insurance company, investment company, or other financial institution or institutional investor making, purchasing, or participating in a loan or any part of a loan or any public entity,

including but not limited to a federal or state agency, authorized to make agricultural loans.

Sec. 9. [41A.021] [SUCCESSOR STATUS.]

The corporation is the legal successor in all respects of the agricultural resource loan guaranty board created by Laws 1984, chapter 502, article 10, as originally named and constituted and all bonds, resolutions, contracts, and liabilities of the agricultural resource loan guaranty board are the bonds, resolutions, contracts, and liabilities of the corporation as renamed and reconstituted.

Sec. 10. Minnesota Statutes 1986, section 41A.03, subdivision 5, is amended to read:

Subd. 5. [LIMITATION ON LIABILITY.] The liability of the state corporation for loan guaranties or bonds authorized under this chapter is limited to the amount of funds appropriated to the guaranty fund development account pursuant to section 41A.06. The loan guaranties or bonds are not a general obligation or debt of the state.

Sec. 11. [41A.035] [LOAN PARTICIPATION.]

The corporation may participate in loans made to finance agricultural development projects by purchasing from a lender up to 75 percent of the amount of each eligible loan. If the participation loan is in an amount of \$500,000 or less, the loan may be for 100 percent of the cost of the project. If the amount of the participation loan exceeds \$500,000, the total amount of the loan may not exceed 80 percent of the cost of the project. The lender shall service the loan or cause it to be serviced in a manner which equally protects the lender's and the board's interests.

Sec. 12. Minnesota Statutes 1986, section 41A.04, is amended to read:

41A.04 [APPLICATION AND APPROVAL.]

Subdivision 1. [REQUIREMENTS.] (a) Any applicant may file a written application with the state commissioner of energy and economic development on behalf of the board corporation, to be considered by the agricultural resource loan guaranty board corporation, for a guaranty by the state corporation of a portion of a loan or for issuance of bonds for an agricultural resource development project. In general, the application must provide information similar to that required by an investment banking or other financial institution considering such a project for debt financing. Specifically, each application must include in brief but precise form the following

information, as supplied by the applicant, the borrower, or the lender:

(1) a description of the scope, nature, extent, and location of the proposed project, including the identity of the borrower and a preliminary or conceptual design of the project;

(2) a description of the technology to be used in the project and the prior construction and operating experience of the borrower with such projects;

(3) a detailed estimate of the items comprising the total cost of the project, including escalation and contingencies, with explanation of the assumptions underlying the estimate;

(4) a general description of the financial plan for the project, including the mortgage and security interests to be granted for the security of the guaranteed loan or the bonds, and all sources of equity, grants, or contributions or of borrowing the repayment of which is not to be secured by the mortgage and security interests, or, if so secured, is expressly subordinated to the guaranteed loan;

(5) an environmental report analyzing potential environmental effects of the project, any necessary or proposed mitigation measures, and other relevant data available to the applicant to enable the board corporation to make an environmental assessment;

(6) a list of applications to be filed and estimated dates of approvals of permits required by federal, state, and local government agencies as conditions for construction and commencement of operation of the project;

(7) an estimated construction schedule;

(8) an analysis of the estimated cost of production of and market for the product, including economic factors justifying the analysis and proposed and actual marketing contracts, letters of intent, and contracts for the supply of feedstock;

(9) a description of the management experience of the borrower in organizing and undertaking similar projects;

(10) pro forma cash flow statements for the first five years of project operation including income statements and balance sheets;

(11) a description of the borrower's organization and, where applicable, a copy of its articles of incorporation or partnership agreement and bylaws;

(12) the estimated amount of the loan or bonds and percentage of the guaranty requested, the proposed repayment schedule, and other terms and conditions and security provisions of the loan;

(13) an estimate of the amounts and times of receipt of guaranty fees, sales and use taxes, property tax increments, and any other governmental charges which may be available for the support of the state guaranty fund development account as a result of the construction of the project, with an analysis of the assumptions on which the estimate is based;

(14) a copy of any lending commitment issued by a lender to the borrower;

(15) a statement from the lender, if identified, as to its general experience in financing and servicing debt incurred for projects of the size and general type of the project, and its proposed servicing and monitoring plan; and

(16) additional information required by the board corporation.

(b) The applicant shall pay upon filing of the application a fee equal to .25 percent of the amount of the loan guaranty or bond requested. The fee shall be paid to the commissioner of finance corporation and deposited in the general fund greater Minnesota fund. If the board corporation determines not to issue a commitment for the project, the fee shall be refunded to the applicant, less the board's corporation's cost of processing, reviewing, and evaluating the application. If the board corporation issues a commitment for the project and the application fee exceeds the board's corporation's cost of processing, reviewing, and evaluating the application, the balance shall be transferred from the general fund to into the project account in the guaranty fund development account and credited against the amount of the commitment fee required in section 41A.03, subdivision 3, clause (j). The county or rural development finance authority may require the proposed borrower under the project to pay the application fee.

(c) If the application is made by an applicant other than the county or rural development finance authority and tax increment financing is to be used for the project, the application must include a copy of a resolution adopted by the governing body of the county or rural development finance authority in which the project is located. The resolution must authorize the use of tax increment financing for the project as required by section 41A.06, subdivision 5.

Subd. 2. [ENVIRONMENTAL ASSESSMENT.] Notwithstanding any other law or rule, no environmental impact statement must be completed prior to the approval of an application and the issuance of a conditional commitment for the guaranty of a loan for an agricultural resource development project, or the taking of any other action

permitted by sections 41A.01 to 41A.07, including the issuance of bonds, which is considered necessary or desirable by the board corporation to prepare for a final commitment and to make it effective. Environmental review, to the extent required by law, shall be made in conjunction with the issuance by state agencies of environmental permits for the project. Permits may be applied for prior to the issuance of a conditional commitment. Action shall be taken as expeditiously as possible on environmental review and all permits required. Environmental review shall be completed within 180 days after the initial filing of an application to the pollution control agency for the first permit. Final action shall be taken on permits within 90 days after completion of environmental review or, as to any permit requiring a public hearing, within 90 days after the receipt of the administrative law judge's report.

Subd. 3. [COMMITMENT.] The ~~commissioner of energy and economic development on behalf of the board corporation~~ shall determine as to each project for which an application is submitted whether it appears in the ~~commissioner's corporation's~~ judgment to conform to the requirements of this chapter. ~~The board corporation~~ may waive any of the application requirements in subdivision 1 if it determines in its sole discretion that the waiver of the requirements is necessary or appropriate to carry out the purposes of this chapter. ~~The board corporation~~ may not waive the requirements of subdivision 1, paragraph (c). In evaluating applications the ~~board corporation~~ shall consider the extent to which the public subsidies sought by the applicant under the program would provide the project with an unfair advantage in competing with other products produced or processed in Minnesota. It may but need not adopt rules setting forth criteria for evaluating applications for loan guaranties. Upon determination by the board corporation that a project conforms to the requirements of this chapter, it may by resolution make ~~on behalf of the state~~ a conditional commitment to guarantee a portion of the proposed loan or to issue bonds as it determines, not exceeding the limitations set forth in section 41A.03. No action is allowable under section 116B.03, subdivision 1, with respect to acts of any person authorized or required in order to execute the resolution. The commitment is not binding upon the ~~state corporation~~ unless the board corporation has executed ~~on behalf of the state~~ a final loan guaranty instrument in conformity with section 41A.03 or has issued bonds.

Subd. 4. [RULEMAKING AUTHORITY.] In order to effectuate the purposes of sections 41A.01 to 41A.07, the board shall adopt rules which are subject to the provisions of chapter 14. The board may adopt emergency rules and permanent rules.

Sec. 13. Minnesota Statutes 1986, section 41A.05, subdivision 1, is amended to read:

41A.05 [MINNESOTA AGRICULTURAL RESOURCES LOAN
GUARANTY FUND DEVELOPMENT ACCOUNT AND BONDS.]

Subdivision 1. [ESTABLISHMENT OF FUND.] For the purpose of developing the state's agricultural resources by extending credit on real estate security, the agricultural ~~resource loan guaranty fund~~ development account is established as a ~~special and dedicated fund~~ an account to be held and invested separately from all other funds of the state greater Minnesota fund. All money appropriated to the ~~fund account~~, and all guaranty fees, retail sales taxes, property tax increments, and other money from any source which may be credited to the ~~fund account~~ pursuant to law or pursuant to the terms of grants, contributions, or contracts are appropriated and shall remain available for the purposes of the ~~fund account~~ until those purposes have been fully accomplished. The ~~board corporation~~ may establish within the ~~guaranty fund~~ account reserve funds, project accounts, or other restrictions it determines necessary or appropriate to carry out the purposes of this chapter. Except as otherwise provided in this section, the ~~fund account~~ may be used only for paying amounts due under loan guaranties and principal and interest assistance contracts entered into by the state corporation, pursuant to the agricultural ~~resource loan guaranty~~ development program.

Sec. 14. Minnesota Statutes 1986, section 41A.05, subdivision 3, is amended to read:

Subd. 3. [COVENANT.] In fulfillment of the ~~state's corporation's~~ covenant with the beneficiary of each loan guaranty executed by the ~~board on behalf of the state corporation~~ pursuant to the agricultural ~~resource loan guaranty development~~ program, in accordance with section 41A.04, subdivision 3, the state will not limit or alter the rights vested in the ~~board corporation~~ to comply with the terms of the loan guaranties.

Sec. 15. Minnesota Statutes 1986, section 41A.05, subdivision 5, is amended to read:

Subd. 5. [GUARANTY FUND; REDUCTION.] Amounts in the ~~guaranty fund development account~~ may be transferred to the general greater Minnesota fund if the remaining amount in the ~~fund account~~ exceeds the principal amount and one year's interest on the outstanding bonds and the guaranteed portion of outstanding guaranteed loans.

Sec. 16. [84.96] [MINERAL RESOURCES PROGRAM.]

Subdivision 1. [FINDINGS.] The legislature finds that there has been a withdrawal of investment in mineral and timber resources of the state. To provide a diversified economic base in the state, it is necessary to stimulate investment in the state's natural resources. Mineral exploration by the private sector must be encouraged. The long-term health of the state will be aided by a diverse state economy that includes productive natural resource industries. A forestry management plan has been mandated to improve the use of forestry resources. Benefits from the state's mineral resources will be realized through a program coordinated by the department of natural resources to accelerate geologic mapping and mineral deposit evaluation and to provide analytical support to the mineral and timber industries.

Subd. 2. [PROGRAM.] The commissioner of natural resources shall coordinate a program, in cooperation with the Minnesota geological survey, the Minnesota resources research center, the natural resources research institute, and other available facilities, to:

- (1) accelerate geological mapping of the state;
- (2) accelerate evaluation of the state's mineral potential and other natural resources; and
- (3) provide analytical support for participants in the mineral industry.

Sec. 17. Minnesota Statutes 1986, section 116J.01, is amended to read:

116J.01 [DEPARTMENT OF ENERGY TRADE AND ECONOMIC DEVELOPMENT.]

Subdivision 1. [APPOINTMENT.] The department of energy trade and economic development shall be supervised and controlled by the commissioner of energy trade and economic development, who shall be appointed by the governor and serve under the provisions of section 15.06.

Subd. 2. [CONFIDENTIAL SECRETARY.] The commissioner may appoint a confidential secretary in the unclassified service.

Subd. 3. [DEPARTMENTAL ORGANIZATION.] The commissioner shall organize the department as provided in section 15.06. The department shall be organized into four five divisions, which shall be designated the energy trade division, the community development division, the economic development promotional and marketing division, and the economic development analysis division, and the financial management division; and the office of

tourism. Each division and office is responsible for administering the duties and functions assigned to it by law. When the duties of the divisions or office are not allocated by law, the commissioner may establish and revise the assignments of each division and office. Each division shall be under the direction of a deputy commissioner in the unclassified service. The office of tourism is under the direction of a director of tourism in the unclassified service. The governor shall appoint the director of tourism.

Sec. 18. Minnesota Statutes 1986, section 116J.03, is amended to read:

116J.03 [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in chapter 116J, the terms defined in this section have the meaning given them.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of energy trade and economic development.

Subd. 3. [DEPARTMENT.] "Department" means the department of energy trade and economic development.

Sec. 19. Minnesota Statutes 1986, section 116J.36, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] In this section:

(a) "Director" means the director of the department of public service.

(a) (b) "Construction costs" means all costs associated with the construction, modification or expansion of a district heating system except for preliminary planning costs and detailed design costs. Construction costs include the cost of debt service from the time a construction loan is made until five years after the beginning of the operation of the district heating system constructed or the part of the system being modified or expanded.

(b) (c) "District heating" means the use of a central energy conversion facility to produce hot water or steam for a district heating system. District heating facilities may also produce electricity in addition to hot water or steam.

(e) (d) "Municipality" means any county, city, town, school district, federally recognized American Indian tribal government, or a municipal power agency formed pursuant to sections 453.53 to 453.62. Municipality also means a public utility, as defined in section 452.01, subdivision 3, owned and operated by a city, however organized. For purposes of a district heating system only, municipi-

pality also means a nonprofit corporation organized pursuant to the provisions of chapter 317 whose membership is limited to the mayor and governing body of the city in which the district heating system is located.

(d) (e) "District heating system" means any existing or proposed facility for (1) the production, through cogeneration or otherwise, of hot water or steam to be used for district heating, or (2) the transmission and distribution of hot water or steam for district heating either directly to heating consumers or to another facility or facilities for transmission and distribution, or (3) any part or combination of the foregoing facilities.

(e) (f) "Qualified energy improvement" means a cost-effective capital improvement to public land, buildings, or energy using systems, other than a district heating system, including the purchase or installation of equipment to reduce the usage of conventional energy sources or to use alternative energy resources. Qualified energy improvements also include waste-to-energy facilities that meet the criteria specified in subdivision 8a and any rule adopted under that subdivision. Qualified energy improvements shall meet all environmental and permitting standards established by state and federal law.

Sec. 20. Minnesota Statutes 1986, section 116J.36, subdivision 3b, is amended to read:

Subd. 3b. [GRANT ELIGIBILITY, DISTRICT HEATING.] The ~~commissioner of energy and economic development director~~ may provide planning grants to municipalities for planning related to the development of district heating systems. The municipality must demonstrate that a community heatload survey and map have been successfully completed, that potential district heating load is sufficiently large to justify further consideration, and that sufficient resources are available for the municipality to meet its financial requirements. Eligible planning grant costs include project definition, development of preliminary financing and distribution system plans, and obtaining commitment for detailed planning or design and preparation of a final report. The amount of the grant to a municipality is limited to 90 percent of eligible planning costs and shall not exceed \$70,000 as established by rule or emergency rule.

Sec. 21. Minnesota Statutes 1986, section 116J.36, subdivision 8, is amended to read:

Subd. 8. [LOAN APPROVAL.] The ~~commissioner of energy and economic development director~~ shall prepare and submit to the ~~energy and economic development authority~~ separate lists of loan requests for district heating systems and qualified energy improvements. The list for district heating loans shall contain the supporting information required by subdivisions 3, 4, 5, 6, and 7. The list for

qualified energy improvements shall contain the supporting information required by subdivisions 3a, 3c, 4a, 5, and 6. The recommendation of the ~~authority~~ director shall be transmitted to the commissioner of finance. The commissioner of finance shall sell bonds and make loans for district heating projects and qualified energy improvements only upon the recommendation of the authority.

Sec. 22. Minnesota Statutes 1986, section 116J.37, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(a) "~~Commissioner~~" means the commissioner of energy and economic development. ~~Upon passage of legislation creating a body known as the Minnesota energy authority the duties assigned to the commissioner in this section are delegated to the authority.~~

(a) "Director" means the director of the department of public service.

(b) "Maxi-audit" has the meaning given in section 116J.06, subdivision 12.

(c) "Energy conservation investments" mean all capital expenditures that are associated with conservation measures identified in a maxi-audit and that have a ten-year or less payback period. Public school districts that received a federal institutional building grant in 1984 to convert a heating system to wood, and that apply for an energy conservation investment loan to match a federal grant for wood conversion, shall be allowed to calculate payback of conservation measures based on the costs of the traditional fuel in use prior to the wood conversion.

Sec. 23. [116J.874] [COMMUNITY DEVELOPMENT DIVISION.]

Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature finds that state programs directed to address community and economic development needs have been implemented in a diverse, fragmented, and inefficient manner. It is therefore in the public interest of the state to develop a comprehensive and integrated approach to administering and coordinating community development programs. The community development division in the department of trade and economic development will address these issues by building a community development framework using a community-based approach.

Subd. 2. [DUTIES.] The community development division shall:

(1) be responsible for administering and staffing all state community development and assistance programs including the economic recovery fund, and the outdoor recreation grant program;

(2) be the division responsible for state administration of federally funded community development and assistance programs including the small cities development grant program and land and water conservation program;

(3) be responsible for state administration of the regional development commissions;

(4) provide technical assistance in cooperation with regional development commissions to rural communities in the area of community development;

(5) coordinate the development and review of state agency rural development policies in cooperation with regional development commissions;

(6) provide staff and consultant services to the rural development board; and

(7) be responsible for coordinating community assistance and development programs in cooperation with regional development commissions.

Sec. 24. [116J.8741] [RURAL DEVELOPMENT BOARD.]

Subdivision 1. [CREATION.] The legislature finds that it is in the public interest to coordinate and encourage community and economic development in the rural areas of the state. The rural development board is created to assist in developing a strategy for promoting rural development in the state.

Subd. 2. [MEMBERSHIP.] The board consists of the commissioner of trade and economic development; the commissioner of jobs and training; the commissioner of agriculture; the president of the Greater Minnesota Corporation board; the state director of vocational technical education; the chancellor of the state university board; the chancellor of the state board of community colleges; and the president of the University of Minnesota. The governor shall appoint five additional members from the general public to the board. Two of the public members must be members of farm organizations. One public member must represent the interests of business and one public member must represent the interests of organized labor. The governor shall take geographic interests and representation into account in the selection of public board members.

Subd. 3. [MEMBERSHIP TERMS.] The membership terms, compensation, removal, and filling of vacancies of public members of the board are as provided in section 15.0575.

Subd. 4. [CHAIR; OTHER OFFICERS.] The commissioner of trade and economic development shall serve as chair of the board. The board may elect other officers as is necessary from its members.

Subd. 5. [ADVISORY TASK FORCE; COMMITTEES.] The board may establish advisory task forces or committees to advise or assist the board in identifying and working with rural development issues. Persons on a task force or committee may not receive per diem but may be reimbursed for expenses.

Subd. 6. [STAFF; EXPENSES.] The department of trade and economic development shall provide staff, consultant support, materials, and administrative services necessary to the board's activities. The commissioner shall pay for the expenses of the board.

Subd. 7. [DUTIES.] The board shall have the following duties:

(a) The board with the assistance of department staff shall investigate and evaluate new methods to enhance rural development, particularly relating to economic diversification through private enterprises, including technologically innovative industries, value added manufacturing, agriprocessing, information industries, and agricultural marketing.

(b) The board shall review and comment on the mineral resources program to the department of natural resources.

(c) The board shall review the services provided by state agencies, including the post-secondary education systems, to rural businesses and communities and make recommendations to the agency and the legislature that would enhance those services.

(d) The board shall prepare with the assistance of department staff and other state agency staff the rural investment guide required by subdivision 8.

(e) The board shall submit an annual report to the legislature by January 31 of each year. The report shall include a review of rural development in the state, an evaluation of rural development initiatives, and recommendations concerning state support for rural development.

Subd. 8. [RURAL INVESTMENT GUIDE.] The board shall prepare and adopt, after appropriate study and public hearings as necessary, a comprehensive rural investment guide for the state, consisting of policy statements, objectives, standards, and program

criteria to guide state agencies in the creation and implementation of programs relating to rural development. The guide must recognize and encompass both the community and economic needs and resources of rural Minnesota and provide a plan to coordinate and allocate public and private resources to the rural areas of the state.

Sec. 25. [116J.8742] [MAIN STREET PROGRAM.]

The commissioner shall develop and administer a main street program to assist cities in the revitalization of their businesses. The purpose of the program is to strengthen local organization and local management of business districts so that cities become more self-reliant and not dependent on future state financial assistance. The staff dedicated for this program shall assist cities that request assistance in the following manner:

(a) improving the organization of the business district including the leadership skills of business owners and city officials;

(b) establishing a marketing strategy to promote the business district to residents of the surrounding trade area;

(c) providing technical assistance in the design and rehabilitation of buildings in the business district including historic preservation; and

(d) establishing a strategy to strengthen existing businesses, recruiting new businesses, diversify the mix of businesses, and develop vacant property in the business district.

Sec. 26. Minnesota Statutes 1986, section 116J.951, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of energy trade and economic development.

Sec. 27. Minnesota Statutes 1986, section 116J.951, is amended by adding a subdivision to read:

Subd. 5. [BOARD.] "Board" means the board of the Greater Minnesota Corporation created in section 42.

Sec. 28. Minnesota Statutes 1986, section 116J.951, is amended by adding a subdivision to read:

Subd. 6. [PRESIDENT.] "President" means the president of the Greater Minnesota Corporation.

Sec. 29. Minnesota Statutes 1986, section 116J.955, is amended to read:

116J.955 [RURAL REHABILITATION REVOLVING FUND.]

Subdivision 1. [ESTABLISHMENT.] The rural rehabilitation revolving fund is established as an account in the state treasury. The

money transferred to the state as a result of liquidating the rural rehabilitation corporation trust, and money derived from transfer of the trust to the state, must be credited to the rural rehabilitation revolving fund. The principal amount of the rural rehabilitation revolving fund, \$9,300,000, may not be spent and must be invested by the state investment board. The income attributable to investment of the principal is appropriated to the commissioner for the activities of the rural development council.

Subd. 2. [EXPENDITURE OF INVESTMENT INCOME FUND.]

The commissioner board may only use the income from the investment of the rural rehabilitation revolving fund for the purposes that are allowed under the Minnesota rural rehabilitation corporation's charter and agreement with the United States Secretary of Agriculture as provided in Public Law Number 499, 81st Congress, enacted May 3, 1950 and as allowed under section 116J.961, subdivision 8. Not more than three percent of the book value of the Minnesota rural rehabilitation corporation's assets may be used for administrative purposes in a year without approval of the United States Secretary of Agriculture.

Subd. 3. [TRANSFER OF AUTHORIZED RECORDS TO COMMISSIONER BOARD.]

The authority, assets, books, and records held by the Minnesota rural rehabilitation corporation and later by the state executive council under Public Law Number 499, 81st Congress, May 3, 1950, is transferred to the commissioner.

Sec. 30. Minnesota Statutes 1986, section 116J.961, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The governor's rural development council is established in the department of energy and economic development Greater Minnesota Corporation. The council shall consist of one representative from each of the state's development regions, including the seven-county metropolitan area, and the commissioner president.

Sec. 31. Minnesota Statutes 1986, section 116J.961, subdivision 5, is amended to read:

Subd. 5. [COUNCIL STAFF.] (a) The commissioner board shall employ, with the concurrence of the council, an executive director staff experienced in public administration and rural development issues. The executive director is not a member of the council, but The president and corporation staff shall perform duties the council may require in carrying out its responsibilities. The executive director's position is in the unclassified service.

(b) The commissioner shall employ professional staff, clerical help, and other necessary employees upon the recommendation of the council and the executive director. Support staff shall serve in the

~~classified civil service. The commissioner corporation shall also provide materials and administrative help necessary for the council's activities including personnel, budget, payroll, and contract administration.~~

Sec. 32. Minnesota Statutes 1986, section 116J.961, subdivision 6, is amended to read:

Subd. 6. [EXPENSES OF COUNCIL.] ~~The commissioner corporation shall pay for the expenses of the council, the council staff, and the council's programs from the appropriation under section 116J.955, subdivision 1.~~

Sec. 33. Minnesota Statutes 1986, section 116J.961, subdivision 8, is amended to read:

Subd. 8. [ADMINISTRATION OF ANNUAL INVESTMENT INCOME FROM THE RURAL REHABILITATION REVOLVING FUND.] (a) The council shall administer the annual investment income from the rural rehabilitation revolving fund by:

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

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

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

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

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

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

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

Sec. 34. Minnesota Statutes 1986, section 116J.961, subdivision 10, is amended to read:

Subd. 10. [BUDGET.] The ~~commissioner~~ corporation's board shall review and approve a biennial budget prepared by the council and submit it to the governor and the legislature for approval as part of the biennial budget process.

Sec. 35. Minnesota Statutes 1986, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] Members shall be appointed as follows: four members appointed by the speaker of the house; one member appointed by the minority leader of the house; four members appointed by the majority leader of the senate; one member appointed by the minority leader of the senate; eight members appointed by the governor; and the ~~commissioners of the departments~~ commissioner of energy trade and economic development, ~~education, and jobs and training~~ the commissioner of jobs and training, and the state director of vocational technical education.

Sec. 36. [116L.06] [CUSTOMIZED RURAL TRAINING PROGRAM.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, "low-income" means equal to or below the nonmetropolitan median household income. "Principally" means at least 51 percent.

Subd. 2. [TRAINING PROGRAM.] The partnership may provide grants to educational or other nonprofit institutions for customized training for new or expanding businesses located outside of the metropolitan area defined in section 473F.02, subdivision 2. Grants may only be awarded for training projects designed to principally benefit low-income persons. The partnership shall use the criteria and guidelines specified under sections 116L.02 and 116L.04 to establish and administer the program.

Subd. 3. [NEW BUSINESS SET-ASIDE.] The partnership may set aside up to 50 percent of the amount available for the rural customized training program to provide customized training grants for new businesses locating in rural Minnesota. A set-aside grant may not be made for a business located within the state that relocates to rural Minnesota. The partnership shall use the guidelines specified under section 116L.04 to establish and administer the program, except that a committee consisting of the commissioner of trade and economic development, the chair of the Minnesota job skills partnership board, and the state director of vocational technical education may give final approval for training applications by a majority vote of the committee. Any amount left in the set-aside program at the end of the 1988 fiscal year may be used for the rural customized training program established in subdivision 2.

Sec. 37. Minnesota Statutes 1986, section 116M.04, is amended to read:

116M.04 [COMMUNITY DEVELOPMENT CORPORATIONS.]

Subdivision 1. For the purposes of this section, the following terms shall have the meanings given them:

Subd. 1a. "Authority" "Commissioner" means the energy commissioner of trade and economic development authority, formerly known as the small business finance agency.

Subd. 2. "Economic development region" means an area so designated in the governor's executive order number 60, dated June 12, 1970, as amended.

Subd. 3. "Federal poverty level" means the income level established by the United States Community Services Administration in Code of Federal Regulations, title 45, section 1060.2-2.

Subd. 4. "Low income" means an annual income below the federal poverty level.

Subd. 5. The authority commissioner shall administer this section and shall enforce the rules related to the community development corporations promulgated by the authority. The authority commissioner may amend, suspend, repeal or otherwise modify these rules as provided for in chapter 14.

Subd. 6. The authority commissioner shall designate a community development corporation as eligible to receive grants pursuant to this section if the corporation:

(a) Is a nonprofit corporation incorporated under chapter 317 or a federally recognized American Indian tribal government;

(b) Designates in its articles of incorporation or bylaws or a tribal constitution a specific geographic community within which it will operate. At least ten percent of the population within the designated community must have low income. Within the metropolitan area as defined in section 473.121, subdivision 2, a designated community shall be an identifiable neighborhood, or a combination of neighborhoods or home rule charter or statutory cities, townships, unincorporated areas or combinations thereof. Outstate designated communities shall to the extent possible not cross existing economic development boundaries;

(c) Limits voting membership to residents of the designated community;

(d) Has a board of directors with 15 to 30 members, unless the corporation can demonstrate to the authority that a smaller or larger board is more advantageous. At least 40 percent of the directors shall have incomes that do not exceed 80 percent of the county median family income and are not greater than 80 percent of the statewide median family income, as determined by the state demographer, and the remaining directors shall be members of the business or financial community and the community at large. At least 60 percent of the directors shall be residents of the designated community, and to the greatest extent possible directors shall be residents of the designated community. The directors who must meet the income limitations of this paragraph shall be elected by the members of the corporation, and the remaining directors may be elected by the members of the corporation or selected by the directors who must meet the income limitations of this paragraph; and

(e) Hires low income residents of the designated community to fill nonmanagerial and nonprofessional positions.

Subd. 7. The authority commissioner shall approve a grant to a community development corporation only for a project carried on within the designated community, except when the corporation demonstrates that a project carried on outside will have a significant impact inside the designated community.

Subd. 8. The authority commissioner may approve a grant to a community development corporation for planning, including organization of the corporation, training of the directors, creation of a comprehensive community economic development plan, and development of a proposal for a venture grant, or for establishment of a business venture, including assistance to an existing business venture, purchase of partial or full ownership of a business venture, or development of resources or facilities necessary for the establishment of a business venture.

Subd. 8a. The energy and economic development authority commissioner shall be named as an assignee of the rights of a state-funded community development corporation on any loan or other evidence of debt provided by a community development corporation to a private enterprise. The assignment of rights shall provide that it will be effective upon the dormancy or cessation of existence of the community development corporation. "Dormancy" for the purpose of this section means the continuation of the corporation in name only without any functioning officers or activities. Upon the cessation of the activities of a state-funded community development corporation, any assigned money paid to the energy and economic development authority commissioner shall be deposited into the economic development fund to be used for the purposes as set out in this chapter general fund.

Subd. 9. Factors considered by the ~~authority~~ commissioner in approving a grant to a community development corporation should include the creation of employment opportunities, the maximization of profit and the effect on securing money from sources other than the state.

Subd. 10. Grants under this section shall not be available for programs conducted by churches or religious organizations or for securing or developing social services.

Subd. 11. A person shall not be excluded from participation in a program funded pursuant to this section because of race, color, religion, sex, age or national origin.

Sec. 38. Minnesota Statutes 1986, section 116M.06, subdivision 11, is amended to read:

Subd. 11. [MEMBERSHIP.] The members and governing body of the authority shall be the commissioner, the president of the Greater Minnesota Corporation established in section 42 and ten ~~ten~~ nine other members appointed by the governor. The governor shall designate the chair from among the members. The board shall elect a secretary and other officers as it deems fit from among its members. On July 1, 1983, the governor shall have authority to appoint new members. The terms of the current members shall expire, respectively, when they are replaced and new members are appointed by the governor and qualified. Section 15.0575 governs the terms, compensation, removal and filling of vacancies in the offices of members other than the commissioner.

Sec. 39. [116N.01] [CITATION.]

Sections 39 to 52 may be cited as the "Greater Minnesota Corporation act."

Sec. 40. [116N.02] [PURPOSE.]

It is the intent of this legislation to ensure the development of new products, processes, and services that have the potential to contribute to the state's economy, particularly in nonmetropolitan areas. For these purposes, the Greater Minnesota Corporation is established to foster economic growth in Minnesota through cooperative research and development and investments in new products and businesses. It is the intention of the legislature to create the Greater Minnesota Corporation as a public corporation.

Sec. 41. [116N.03] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 39 to 52.

Subd. 2. [CORPORATION.] "Corporation" means the Greater Minnesota Corporation.

Subd. 3. [CORPORATION BOARD.] "Corporation board" means the board of directors of the Greater Minnesota Corporation.

Subd. 4. [FINANCIAL INSTITUTION.] "Financial institution" means a bank, bank or trust company, trust company, mortgage company, credit union, mortgage banker, national banking association, savings bank, savings association, savings and loan association, building and loan association, insurance company, securities broker-dealer, financial organizations relating to commercial credit or venture capital, or a lender certified by the secretary of housing and urban development or by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration or any other financial or lending institution, whether organized under federal law or the laws of any state of the United States, and whether located within or without this state.

Subd. 5. [FUND.] "Fund" means the greater Minnesota fund established by section 50.

Subd. 6. [GREATER MINNESOTA.] "Greater Minnesota" means the area of the state not included in the definition of area in section 473F.02, subdivision 2.

Subd. 7. [INSTITUTE.] "Institute" means a regional research institute created in section 46.

Subd. 8. [PROJECT.] "Project" means any undertaking involving real or personal property connected with or a part of an industrial, agricultural processing, distribution, manufacturing, or research facility that is to be acquired, constructed, improved, or equipped with assistance furnished under the authority of sections 39 to 52, or any combination of them.

Sec. 42. [116N.04] [CORPORATION CREATED; BOARD OF DIRECTORS; PURPOSE AND DUTY.]

Subdivision 1. [CREATION; NAME.] The Greater Minnesota Corporation, a public corporation and political subdivision of the state of Minnesota, is created. The corporation is not a state agency under chapter 14, 15, or for any other purpose. All business of the corporation must be conducted under its name.

Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a corporation board of 11 directors who shall be appointed by the governor. Terms and removal of members of the corporation board are as provided in section 15.0575. Directors shall serve without compensation but shall receive their necessary and actual expenses

while engaged in the business of the corporation. Directors shall be considered public officials for the purposes of section 10A.07.

Subd. 3. [PURPOSE AND DUTIES.] It is the purpose and duty of the corporation to promote economic development in greater Minnesota, to assist businesses in applied research, and to provide incentives for the expansion of existing and location of new manufacturing, agricultural product processing, research, distribution, and industrial facilities in greater Minnesota by the means provided under sections 39 to 52.

Subd. 4. [ARTICLES AND BYLAWS.] The corporation board of directors shall adopt articles of incorporation and bylaws necessary for the conduct of the business of the corporation, consistent with the provisions of this chapter. The articles and bylaws must be filed with the secretary of state.

Subd. 5. [PLACES OF BUSINESS.] The corporation board shall locate and maintain the corporation's places of business within the state.

Subd. 6. [MEETINGS AND ACTIONS OF THE BOARD.] The corporation board shall meet at least twice a year and may hold additional meetings upon giving whatever notice the bylaws of the corporation might provide. Meetings of the corporation board, institute boards, the governor's council on rural development, and the research advisory board are subject to the provisions in section 471.705 except when information or data described in subdivision 7 is discussed.

Subd. 7. [APPLICATION AND INVESTIGATIVE DATA.] The following data is classified as private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9, whichever is applicable:

(1) financial data, statistics, and information furnished in connection with assistance or proposed assistance under sections 43 to 52, including credit reports, financial statements, statements or net worth, income tax returns, either personal or corporate, and any other business and personal financial records;

(2) correspondence between members of the corporation board or employees of the corporation and applicants or other persons or entities regarding assistance or proposed assistance, and any investigative data obtained by the corporation board or employees of the corporation in relation to the assistance under sections 39 to 52;

(3) security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1 dis-

closed to members of the corporation board or employees of the corporation pursuant to sections 39 to 52.

Sec. 43. [116N.05] [CORPORATE PERSONNEL.]

Subdivision 1. [GENERALLY.] The corporation board shall appoint and set the compensation for a president and may appoint subordinate officers. The president's salary may not exceed 75 percent of the governor's salary. The corporation board may designate the president as its general agent. Subject to the control of the corporation board, the president shall employ employees and agents as the president deems necessary. The staff of the corporation must include individuals knowledgeable in commercial and industrial financing, research and development, economic development, and general fiscal affairs. The corporation board shall define the duties and designate the titles of the employees and agents.

Subd. 2. [STATUS OF EMPLOYEES.] Employees, officers, and directors of the corporation are not state employees, but, at the option of the corporation board, may participate in the state retirement plan, the state deferred compensation plan, and the insurance plans for employees in the unclassified service.

Sec. 44. [116N.06] [POWERS OF THE CORPORATION.]

In addition to other powers granted by sections 39 to 52, the corporation may:

- (1) sue, and be sued;
- (2) have a seal and alter it at will;
- (3) acquire and dispose of personal property, including inchoate and intellectual property, royalties, stock, and stock warrants;
- (4) enter into contracts or agreements with a federal or state agency, person, business, or other organization;
- (5) acquire and dispose of real property or an interest in real property;
- (6) purchase insurance;
- (7) consent to the modification of a contract or agreement to which the corporation is a party;
- (8) provide general consultative and technical services to businesses;

(9) develop, buy, and possess financial and technical information, including credit reports and financial statements;

(10) accept gifts, grants, and bequests and use or dispose of them for its purposes;

(11) receive payments in the form of royalties, dividends, or other proceeds in connection with the ownership, license, or lease of products or businesses; and

(12) spend money from the greater Minnesota fund, and other money appropriated for purposes including expenses for the food, lodging, and travel of consultants and speakers hired by the board, publications, advertising, and promotional activities.

Sec. 45. [116N.08] [CHALLENGE GRANT PROGRAM.]

Subdivision 1. [ORGANIZATION.] The challenge grant program shall provide challenge grants to regional organizations selected by the corporation board under subdivision 4 to encourage private investment, to provide jobs for low-income persons, and to promote economic development in the rural areas of the state. The corporation board shall establish the program as provided in this section.

Subd. 2. [FUNDING REGIONS.] The corporation board shall divide the area of the state located outside of the metropolitan area defined in section 473F.02, subdivision 2, into six regions. The regions' boundaries must be coterminous with the boundaries of one or more of the development regions.

Subd. 3. [CHALLENGE GRANT PROGRAM ADMINISTRATION.] The corporation board shall establish a challenge grant account for each of the six regions. The corporation board shall designate up to \$..... for each challenge grant account, to be awarded over a period of three years. Challenge grant funds must be used for revolving loans and equity investments authorized under this section. The corporation board shall select nonprofit corporations to administer the challenge grant programs, using the selection criteria in subdivision 4.

Subd. 4. [SELECTION OF ORGANIZATION TO ADMINISTER CHALLENGE GRANT PROGRAM.] The corporation board shall select at least one organization for each region to be responsible for administering the challenge grant programs and shall enter into grant agreements with the organizations. An organization is eligible to administer a challenge grant program if it is a nonprofit corporation and it can demonstrate that:

(1) its board of directors contains citizens experienced in rural development and representatives from the different geographic

areas in the challenge grant program region, including the regional development commissions;

(2) it has the technical skills to analyze projects;

(3) it is familiar with other available public and private funding sources and economic development programs;

(4) it has the capability to package economic development projects;
and

(5) it has the capability to establish and administer a revolving loan program.

Subd. 5. [REVOLVING LOAN FUND.] Each organization responsible for administering a challenge grant program shall provide subordinated loans from the challenge grant account to new and expanding businesses in rural Minnesota to promote economic development in areas including technologically innovative industries, value added manufacturing, agriprocessing, information industries, and agricultural marketing. Each organization shall establish a board-certified regional revolving loan fund and shall process loan applications as provided in subdivision 6. The amount of state money allocated for each revolving loan is appropriated from the appropriate challenge grant account to the organization's regional revolving loan fund when the organization's board gives final approval for each loan.

Subd. 6. [LOAN CRITERIA AND PRIORITY.] (a) In processing a loan application, an organization responsible for administering a challenge grant program shall give priority to proposed borrowers who are not likely to undertake the project without assistance from the challenge grant program. Loans must be used for projects designed to principally benefit low-income persons through the creation of job opportunities for such persons. Loans may be used for capital assets and working capital. Among loan applicants, priority must be given on the basis of the number of permanent jobs created or retained by the project and the proportion of nonstate money leveraged by the revolving loan. The minimum revolving loan is \$5,000 and the maximum is \$100,000. The amount of state money appropriated from the challenge grant fund may not exceed 50 percent for each revolving loan. The amount of nonpublic money must equal at least 50 percent for each revolving loan. With the approval of the corporation board, a revolving loan may be used to provide up to 50 percent of the private investment required to qualify for grants from the economic recovery fund. A revolving loan may not exceed 25 percent of the total project cost of an individual project. A revolving loan may not be used for a retail development project.

(b) The corporation board shall establish a minimum interest rate for revolving loans to ensure that necessary management costs are covered.

(c) Money repaid to the challenge grant program must remain in the regional revolving loan fund for further distribution by the organization responsible for administering the challenge grant program.

(d) Administrative expenses must be paid out of the interest earned on revolving loans.

(e) A business applying for a loan must be sponsored by a resolution of the governing body of the local government unit having jurisdiction over the area within which the project is located or by a federally recognized American Indian tribal government. For the purposes of this subdivision, "local government unit" means a home rule charter or statutory city when the project is located in an incorporated area and a county when the project is located in an unincorporated area.

Subd. 7. [EQUITY INVESTMENTS.] The corporation board may allow a specific amount of the challenge grant account designated to each region to be used for the purpose of acquiring equity interests in new or existing businesses located in rural Minnesota. The organizations responsible for administering challenge grant programs may acquire equity investments in new or expanding businesses located in rural Minnesota. The organizations may also invest in qualified regional investment organizations. A qualified regional investment organization is a corporation or fund organized and located within the designated region which conducts a lending and investment program consistent with the goals of the challenge grant program.

Subd. 8. [DUTIES OF CHALLENGE GRANT ADMINISTRATION ORGANIZATION.] The organization responsible for administering a challenge grant program may contract with other regional development authorities to carry out all or part of its duties. The organization shall:

(1) submit an annual report to the corporation board, the governor, and legislature by February 15 of each year that includes, at least, a description of projects supported by the program, an account of all loans made during the calendar year, the source and amount of all money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the corporation board.

Sec. 46. [116N.09] [REGIONAL RESEARCH INSTITUTES.]

Subdivision 1. [ESTABLISHMENT.] The corporation board may establish up to four regional research institutes in greater Minnesota. Each institute shall be located adjacent or near a public post-secondary education institution. The corporation board shall take into consideration how the location and focus of each institute will best utilize a region's resource and assist the region's businesses.

Subd. 2. [PURPOSE.] The purpose of the institutes is to provide applied research and development services to individuals, businesses, and for profit or nonprofit organizations for the purposes of developing the region's economy through the utilization of the region's resources and through the development of technology in the region. Research and development services may include on-site research management, product development grants, testing of production techniques and product quality, marketing and business management assistance, and feasibility studies.

Subd. 3. [INSTITUTE BOARD.] Each regional research institute is administered by a nine member institute board. The board for each institute consists of one Greater Minnesota Corporation board member, the president of the corporation, two representatives of public post-secondary institutions in the area surrounding the institute, and five public members appointed by the corporation board. Each institute board shall elect a chair and other board officers as it deems fit from its membership.

Subd. 4. [INSTITUTE ADMINISTRATION.] The board for each regional research institute must appoint an institute director to manage the operation of the institute. An institute board may contract with post-secondary education governing boards for research services of post-secondary institution staff, facilities, or equipment. The director may directly hire staff for the institutes.

Subd. 5. [RESEARCH CONTRACTS.] The board of each institute may enter into contracts with individuals, businesses, and organizations to provide research and development assistance at institute facilities or at other sites where appropriate. The corporation board is to establish contract guidelines.

Subd. 6. [PRODUCT DEVELOPMENT GRANTS.] The board of each institute may provide product development grants to those individuals, businesses, or organizations that without financial assistance would not be able to undertake the development of a product or technology related service. The corporation board is to establish criteria for determining what individuals, businesses, or organizations are eligible to receive product development grants.

Sec. 47. [116N.11] [RESEARCH ADVISORY BOARD.]

Subdivision 1. [ESTABLISHMENT.] The corporation board shall establish a research advisory board to provide advisory assistance to the corporation board, the research institute boards, and the rural finance authority.

Subd. 2. [APPOINTMENT.] The research advisory board shall consist of 11 members appointed by the corporation board. Terms and removal of members shall be set by the board and research advisory board members shall serve without compensation but shall receive their necessary and actual expenses while engaged in the business of the corporation. The membership of the advisory board must have representatives that are experienced or have expertise in technology, applied research, agriculture, business, labor, and productivity.

Subd. 3. [DUTIES.] The research advisory board shall have the following duties and responsibilities:

(a) identify specific areas where research and development will contribute to the productivity of the state's businesses and farms;

(b) determine specific areas where financial assistance for research and development could assist the development of businesses and create new employment opportunities;

(c) advise the corporation board in the development and establishment of the regional research institutes and the research grants to public and private post-secondary education institutions;

(d) advise public and private post-secondary education institutions on the research and development needs of businesses in Minnesota; and

(e) review the applications and make recommendations to the corporation board for research grants to public and private post-secondary education institutions.

Sec. 48. [116N.11] [RESEARCH GRANTS TO EDUCATION UNITS.]

The corporation board may make matching grants to public and private post-secondary education institutions for applied research and development. Grants are to be made for projects which will likely result in assisting economic and employment development in greater Minnesota. The corporation board shall not give final approval to a research grant until it has received an evaluation and recommendation from the research advisory board.

Sec. 49. [116N.12] [INFORMATION ASSISTANCE.]

The corporation board or its designee must provide individuals, businesses, and organizations with information relating to federal, state, and local economic development programs. The corporation board must divide greater Minnesota into regions and locate staff in each of these regions to provide information assistance required in this section. The corporation board may contract with organizations, including but not limited to regional development commissions, to provide the assistance required under this section in the regions. The corporation or designated organization's staff designated for this function must have knowledge of existing private and federal, state, and local economic development programs and work in conjunction with existing programs including state agency programs, the university extension service, and the small business development centers.

Sec. 50. [116N.13] [GREATER MINNESOTA FUND.]

(a) The greater Minnesota fund is a separate account in the state treasury. The corporation board may create separate accounts within the fund for use in accordance with the fund's purposes. Money in the fund may be deposited in an institution designated as a depository for state funds under section 9.031. Money in the fund not needed for the immediate purposes of the corporation may be invested by the corporation in any way authorized by section 11A.24. Money in the fund may be used as provided in this chapter.

(b) The fund consists of:

- (1) all appropriations made to the corporation;
- (2) all fees and charges collected by the corporation;
- (3) income from investments and purchases;
- (4) all revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes; and
- (5) all gifts, donations, and bequests made to the corporation.

Sec. 51. [116N.14] [AUDITS.]

The corporation board shall contract with a certified public accounting firm to audit the corporation and any subsidiary annually in accordance with generally accepted accounting standards.

The books and records of the corporation, the governor's council on rural development, challenge grant organizations, regional research institutes, research advisory boards, and any other subsidiary, fund, or entity to be administered or governed by the corporation, are subject to audit without previous notice by the legislative auditor.

Sec. 52. [116N.15] [REPORTS.]

The corporation shall report to the legislature and the governor on its activities by January 1 of each year.

Sec. 53. [136A.125] [SUPPLEMENTAL GRANTS TO DISPLACED RURAL WORKERS.]

Subdivision 1. [PROGRAM; ELIGIBILITY.] (a) The higher education coordinating board shall establish and administer the state supplemental education grant program to assist displaced workers in rural areas of the state in paying the costs of attending public, post-secondary educational institutions. The board shall develop policies and procedures for the administration of grants, including the allocation of funds to eligible institutions in accordance with section 136A.101.

(b) Only state residents who are enrolled in adult farm management programs or enrolled in a program designed to train people for employment are eligible to apply for grants under this section. Applicants must demonstrate financial need in accordance with policies and procedures established by the board. In developing eligibility policies, the board shall consider criteria for participation in state and federal programs designed to serve economically dislocated workers.

(c) The development of policies and procedures in accordance with this subdivision is not subject to chapter 14.

Subd. 2. [PART-TIME GRANTS.] Displaced workers in rural Minnesota areas are eligible to be considered for a part-time grant under section 136A.132. In awarding grants during the 1987-1989 biennium, participating post-secondary institutions shall consider the needs of displaced rural workers.

Subd. 3. [PUBLIC INFORMATION.] The board shall provide information to displaced workers in rural areas about post-secondary education opportunities and financial assistance to help them pay for their education, including existing state and federal programs and the state supplemental education grant program. The board shall develop and communicate the information in cooperation with the department of jobs and training, financial aid administrators, the agriculture extension service, and representatives of public and private post-secondary education institutions.

Sec. 54. Laws 1983, chapter 334, section 7, is amended to read:

Sec. 7. [REPEALER.]

Sections 1 to 6 are repealed June 30, 1987 1990.

Sec. 55. [DEVELOPMENT PLAN.]

The board of directors of the Greater Minnesota Corporation shall prepare a comprehensive development plan and submit it to the governor and the legislature by November 15, 1987. The development plan must include at least the following:

- (1) operating procedures;
- (2) accounting procedures;
- (3) grant procedures;
- (4) loan procedures;
- (5) personnel procedures;
- (6) investment procedures; and
- (7) board conduct and ethics.

In addition, the development plan must include a budget proposal and a five-year plan. It must identify sources and amounts of available nongovernmental money and the purposes for which that money may be used, and it must suggest any further legislation that may be necessary to carry out the development plan.

Sec. 56. [VENTURE CAPITAL STUDY.]

The Greater Minnesota Corporation shall study the effect and the possible administrative and legal structure of the establishment of a for profit venture capital corporation. This venture capital corporation would be capitalized by a state appropriation that in turn would be converted into shares of stock owned by every resident of the state. This corporation would invest only in Minnesota companies or production facilities located in the state with a preference to ventures that utilize the state's resources and intermediate products and services. The venture capital corporation would invest in local capital venture pools that are managed by experienced private venture capital firms and this corporation would only provide investment capital for product development and start-up business development. The venture capital corporation would target its investment capital to products and businesses that reduce costs to the state's residents and government jurisdictions such as products that improve resource efficiency or products that improve the independence of the physically disabled.

The study may be completed directly by the Greater Minnesota Corporation or the corporation may contract with a business, organization, or individual to complete the study. The study must include the examination of at least the following:

(1) the anticipated demand for venture capital that meet the investment criteria of the venture capital corporation;

(2) an estimation of the start-up costs of the venture capital corporation;

(3) an estimation of on-going administrative costs of the venture capital corporation including shareholder related costs;

(4) the most appropriate legal structure for the venture capital corporation including recommendations for the enabling legislation for the corporation;

(5) an estimation of the potential additional investment through stock purchases by Minnesota residents;

(6) an inventory of experienced and interested local venture capital firms that the corporation would utilize in distributing its venture capital; and

(7) an analysis of the type of products that meet the investment criteria of the venture capital corporation.

The Greater Minnesota Corporation will submit the study to the legislature and the governor by January 15, 1988.

Sec. 57. [APPROPRIATION.]

Subdivision 1. [MINERAL RESOURCES PLAN.] \$..... is appropriated from the general fund to the commissioner of natural resources for implementation of section 16, to be available until June 30, 1988.

Subd. 2. [FORESTRY MANAGEMENT.] \$..... is appropriated from the general fund to the commissioner of natural resources for implementation of the forestry management plan required in Minnesota Statutes, section 89.011, and for grant agreements with counties or groups of counties for county forestry assistance programs, to be available until June 30, 1988.

Sec. 58. [APPROPRIATION.]

\$..... is appropriated from the general fund to the department of trade and economic development for the administrative expenses of the rural development board established in section 24.

Sec. 59. [APPROPRIATION.]

\$..... is appropriated from the general fund to the Greater Minnesota Corporation established in section 42. The appropriation

is used to fund the regional research institutes created in section 46, the applied research grants established in section 48, the product development grants established in section 46, the challenge grant program established in section 45, the venture capital corporation study required in section 56, and the technical assistance and administrative costs of the corporation and subsidiaries. The corporation board may allocate the appropriation between programs as the board deems fit. This appropriation is available until expended.

Sec. 60. [APPROPRIATION.]

\$..... is appropriated from the general fund to the higher education coordinating board for the state supplemental education grant program established in section 53, to be available until expended.

Sec. 61. [APPROPRIATION.]

\$..... is appropriated from the general fund to the jobs skills partnership board for the customized training program established in section 36.

Sec. 62. [INSTRUCTIONS TO REVISOR.]

Subdivision 1. The revisor of statutes is directed to change the phrase "agricultural resource loan guaranty board" wherever it appears in Minnesota Statutes to "Greater Minnesota Corporation" in the next and subsequent editions of the statutes.

Subd. 2. The revisor of statutes is directed to change the phrase "agricultural resource loan guaranty fund" wherever it appears in Minnesota Statutes to "agricultural development fund of the greater Minnesota fund" in the next and subsequent editions of the statutes.

Subd. 3. The revisor of statutes is directed to change the phrase "state" wherever it appears in chapter 41A of Minnesota Statutes to "corporation" in the next and subsequent editions of the statutes.

Subd. 4. The revisor of statutes is directed to change the words "commissioner of energy and economic development" and "department of energy and economic development" wherever they appear in Minnesota Statutes to "commissioner of trade and economic development" and "department of trade and economic development" in the next and subsequent editions of the statutes.

Subd. 5. The revisor of statutes is directed to change the phrases "commissioner of energy and economic development," "commissioner," or "authority" wherever they appear in section 116J.36 or 116J.37 of Minnesota Statutes to "director" in the next and subsequent editions of the statutes.

Sec. 63. [REPEALER.]

Minnesota Statutes 1986, sections 41A.02, subdivisions 3 and 15; and 41A.08 are repealed.

Sec. 64. [EFFECTIVE DATES.]

Sections 3 to 15 are effective January 1, 1988."

Delete the title and insert:

"A bill for an act relating to economic development; rural development; renaming and providing new powers to the agricultural resource loan guaranty board; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; establishing the Greater Minnesota Corporation; establishing the rural development board; establishing the customized training program; establishing the Greater Minnesota Corporation; establishing the state supplemental education grant program; authorizing certain activities and requiring certain studies; appropriating money; amending Minnesota Statutes 1986, sections 11A.24, by adding a subdivision; 15.01; 41A.01; 41A.02, subdivisions 4, 5, 6, 11, and by adding a subdivision; 41A.03, subdivision 5; 41A.04; 41A.05, subdivisions 1, 3, and 5; 116J.01; 116J.03; 116J.36, subdivisions 2, 3b, and 8; 116J.37, subdivision 1; 116J.951, subdivision 2, and by adding subdivisions; 116J.955; 116J.961, subdivisions 1, 5, 6, 8, and 10; 116L.03, subdivision 2; 116M.04; 116M.06, subdivision 11; Laws 1983, chapter 334, section 7; proposing coding for new law in Minnesota Statutes, chapters 41A; 84; 116J; 116L; and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; and repealing Minnesota Statutes 1986, sections 41A.02, subdivisions 3 and 15; and 41A.08."

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

POINT OF ORDER

Thiede raised a point of order relating to voting separately on the adoption of the report from the Committee on Economic Development and Housing relating to H. F. No. 2. The Speaker ruled the point of order not well taken.

The question was taken on the adoption of the report from the Committee on Economic Development and Housing relating to H. F. No. 2.

The report was adopted.

POINTS OF ORDER

Schreiber raised a point of order relating to the adoption of the report from the Committee on Economic Development and Housing relating to H. F. No. 2. The Speaker ruled the point of order not well taken.

Thiede raised a point of order that a separate vote on the adoption of the report from the Committee on Economic Development and Housing relating to H. F. No. 2 was not taken. The Speaker ruled the point of order not well taken.

Himle raised a point of order pursuant to rule 6.7 relating to Committee Reports. The Speaker ruled the point of order not well taken.

MOTION FOR RECONSIDERATION

Miller moved that the action whereby the report from the Committee on Economic Development and Housing relating to H. F. No. 2 was adopted earlier today be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Miller motion and the roll was called. There were 46 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	McDonald	Quist	Thiede
Bennett	Frerichs	McKasy	Redalen	Tjornhom
Blatz	Gutknecht	McPherson	Richter	Tompkins
Boo	Hartle	Miller	Schafer	Uphus
Burger	Haukoos	Morrison	Schreiber	Valento
Carlson, D.	Heap	Olsen, S.	Seaberg	Waltman
Clausnitzer	Himle	Onnen	Shaver	
Dempsey	Hugoson	Ozment	Stanisus	
Dille	Johnson, V.	Pauly	Svigggum	
Forsythe	Marsh	Poppenhagen	Swenson	

Those who voted in the negative were:

Anderson, G.	Greenfield	Kludt	Neuenschwander	Reding
Battaglia	Gruenes	Knuth	O'Connor	Rice
Bauerly	Jacobs	Kostohryz	Ogren	Rodosovich
Beard	Jaros	Larsen	Olson, E.	Rukavina
Begich	Jefferson	Lasley	Olson, K.	Sarna
Bertram	Jennings	Lieder	Omann	Scheid
Brown	Jensen	Long	Orenstein	Schoenfeld
Carlson, L.	Johnson, A.	McEachern	Osthoff	Segal
Carruthers	Johnson, R.	Milbert	Otis	Simoneau
Clark	Kahn	Minne	Pappas	Skoglund
Cooper	Kalis	Murphy	Pelowski	Solberg
Dauner	Kelly	Nelson, C.	Peterson	Sparby
DeBlicck	Kelso	Nelson, D.	Price	Steensma
Dorn	Kinkel	Nelson, K.	Quinn	Tunheim

Vanasek
Vellenga

Voss
Wagenius

Welle
Wenzel

Winter
Wynia

Spk. Norton

The motion did not prevail.

SECOND READING OF HOUSE BILLS

H. F. Nos. 42, 286, 392, 454, 555, 580, 649, 813 and 854 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 529, 653, 306 and 499 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Ogren; Carlson, D.; Begich; Rukavina and Redalen introduced:

H. F. No. 1201, A bill for an act relating to agriculture; appropriating money to the commissioner of agriculture for use in the marketing and promotion of peat.

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

Jennings and Forsythe introduced:

H. F. No. 1202, A bill for an act relating to health; appropriating money for community health services.

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

McLaughlin and Greenfield introduced:

H. F. No. 1203, A bill for an act relating to human services; requiring court-ordered group health insurance benefits be paid to providers; requiring all parties to sign workers' compensation settlement agreements; requiring notification to commissioner regarding workers' compensation payments; establishing a public

assistance lien; establishing third party payer liability; requiring reporting of group insurance coverage; providing for reimbursement of benefits from programs with federal participation; amending Minnesota Statutes 1986, sections 62A.046; 176.191, subdivision 4; 176.521, subdivisions 1, 3, and by adding a subdivision; 256B.02, by adding a subdivision; 256B.042, subdivisions 2, 3, and by adding subdivisions; 256B.37, subdivisions 1, 2, and by adding subdivisions; 256D.03, by adding a subdivision; 268.121; 473.405, subdivision 13; and 514.69; proposing coding for new law in Minnesota Statutes, chapter 256.

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

Scheid and Forsythe introduced:

H. F. No. 1204, A bill for an act relating to Hennepin county; providing for the management of county health facilities; permitting the county board to hold closed meetings on certain medical center business; permitting certain data to be treated as trade secret information; amending Minnesota Statutes 1986, section 383B.217, subdivision 7.

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

Vellenga, Trimble, Pappas, Wynia and Norton introduced:

H. F. No. 1205, A bill for an act relating to independent school district No. 625; authorizing the issuance of bonds for the purpose of deferred capital improvements; authorizing a tax levy for debt service; authorizing an excess levy for deferred capital maintenance; providing for local approval.

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

Milbert introduced:

H. F. No. 1206, A bill for an act relating to peace officers; peace officers benefit fund; expanding the definition of peace officer to include certain persons employed or authorized to provide emergency medical services; amending Minnesota Statutes 1986, section 176B.01, subdivision 2.

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

Lasley introduced:

H. F. No. 1207, A bill for an act relating to real property; altering certain redemption periods; amending Minnesota Statutes 1986, section 580.23, subdivision 2.

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

Kludt, Lieder, Dauner and Poppenhagen introduced:

H. F. No. 1208, A bill for an act relating to corrections; appropriating money for the west central regional juvenile center.

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

Wagenius, Orenstein, Long, Norton and Tjornhom introduced:

H. F. No. 1209, A bill for an act relating to public nuisances; defining a nuisance; providing for the enjoinder of nuisances; proposing coding for new law in Minnesota Statutes, chapter 617; repealing Minnesota Statutes 1986, sections 617.33; 617.34; 617.35; 617.36; 617.37; 617.38; 617.39; 617.40; and 617.41.

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

Wynia, Stanius, Vellenga, Jennings and Greenfield introduced:

H. F. No. 1210, A bill for an act relating to human services; regulating the licensure of programs for the care of children or of adults with certain disabilities; providing penalties; replacing the existing licensure law; proposing coding for new law as Minnesota Statutes, chapter 245A; repealing Minnesota Statutes 1986, sections 245.781; 245.782; 245.783; 245.791; 245.792; 245.801; 245.802; 245.803; 245.804; 245.805; 245.811; 245.812; 245.88; 245.881; 245.882; 245.883; 245.884; and 245.885.

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

Carlson, D., introduced:

H. F. No. 1211, A bill for an act relating to state lands; authorizing the conveyance of certain lands in Pine county to the Amherst H. Wilder Foundation; amending Laws 1981, chapter 354, section 1,

subdivisions 1 and 5; repealing Laws 1981, chapter 354, section 1, subdivisions 2 and 3.

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

Wynia and Greenfield introduced:

H. F. No. 1212, A bill for an act relating to health; establishing the Minnesota institute for health research; creating a health research trust fund with cigarette and tobacco products taxes; prescribing a floor stocks tax on cigarettes and tobacco products distributors; amending Minnesota Statutes 1986, sections 297.02, subdivision 1; 297.03, subdivision 5; 297.13, subdivision 1; 297.32, subdivisions 1, 2, and 9; proposing coding for new law as Minnesota Statutes, chapter 152A; proposing coding for new law in Minnesota Statutes, chapter 297.

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

Simoneau, Reding and Knickerbocker introduced:

H. F. No. 1213, A bill for an act relating to retirement; teachers retirement association; making various changes in the law governing the association for the purpose of facilitating administration of retirement benefits and contributions; amending Minnesota Statutes 1986, sections 354.05, subdivision 35, and by adding a subdivision; 354.06, subdivision 1; 354.07, subdivision 3; 354.094, subdivision 1; 354.44, subdivision 5; 354.46, subdivision 5; 354.48, subdivision 7; 354.51, subdivision 5; 354.55, subdivision 11; 354.62, subdivision 5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1986, section 354.44, subdivision 1a.

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

Pappas introduced:

H. F. No. 1214, A bill for an act relating to the legislature; providing for a study by the commission on the economic status of women of gender bias in the courts; providing for direction of the study and appointment of an advisory task force by the supreme court; appropriating money.

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

Jaros, Munger, Boo, Murphy and Battaglia introduced:

H. F. No. 1215, A bill for an act relating to retirement; Duluth police pension association and Duluth firefighters relief association; authorizing the voluntary consolidation of those local relief associations with the public employees police and fire fund; authorizing the individual election of applicable benefit coverage upon the consolidation of those relief associations; amending Minnesota Statutes 1986, sections 353.01, subdivisions 2b, 10, and 16; 353.271; 353.64, subdivision 1; and 353.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 353; proposing coding for new law as Minnesota Statutes, chapters 353A and 353B.

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

Greenfield, Bishop, Vellenga, Wagenius and Seaberg introduced:

H. F. No. 1216, A bill for an act relating to crimes; juveniles; limiting detention of juveniles in adult jails; amending Minnesota Statutes 1986, section 260.173, subdivision 4.

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

Kelly and Vellenga introduced:

H. F. No. 1217, A bill for an act relating to family law; appropriating money to the University of Minnesota for the Hubert H. Humphrey Institute of Public Affairs to study mediation in marriage dissolution cases.

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

Knuth, Rice, Seaberg and Lieder introduced:

H. F. No. 1218, A bill for an act relating to the Minnesota humanities commission; requiring it to establish a humanities resource center; appropriating money; amending Minnesota Statutes 1986, section 138.91, by adding a subdivision.

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

Kelso, Vanasek, Kostohryz, Jensen and Dempsey introduced:

H. F. No. 1219, A bill for an act relating to taxation; authorizing Scott county to impose a tax on admissions to major amusement facilities; providing for expenditure of the proceeds of the tax.

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

Carruthers, Welle, Swenson, Seaberg and Kalis introduced:

H. F. No. 1220, A bill for an act relating to crimes; providing for sentencing repeat offenders up to the maximum sentence provided by law for the offense of conviction; prescribing penalties; amending Minnesota Statutes 1986, sections 244.04, by adding a subdivision; 244.05, subdivision 1, and by adding a subdivision; and 244.10; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Greenfield introduced:

H. F. No. 1221, A bill for an act relating to human services; creating a new formula for distribution of administrative aid to counties; eliminating equalization aid to counties; amending Minnesota Statutes 1986, section 256D.22; repealing Minnesota Statutes 1986, section 245.74.

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

Greenfield introduced:

H. F. No. 1222, A bill for an act relating to human services; clarifying statutes relating to the preadmission screening program; adjusting state and county shares of costs; amending Minnesota Statutes 1986, section 256B.091, subdivisions 2, 3, 4, 6, and 8.

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

Wenzel introduced:

H. F. No. 1223, A bill for an act relating to Morrison county; removing special qualifications for newspapers; repealing Laws 1980, chapter 526.

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

Battaglia, Begich and Rukavina introduced:

H. F. No. 1224, A bill for an act relating to local government; permitting the establishment of a joint economic development authority in Cook county.

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

Tompkins; Carlson, D., and Begich introduced:

H. F. No. 1225, A bill for an act relating to employment; requiring certain employers to make available a plan of health care coverage to all employees; proposing coding for new law in Minnesota Statutes, chapter 177.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Riveness; Battaglia; Nelson, K.; Rose and Vanasek introduced:

H. F. No. 1226, A bill for an act relating to capital improvements; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature; authorizing issuance of state bonds; appropriating money.

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

Nelson, D.; Voss; Carruthers; Otis and Uphus introduced:

H. F. No. 1227, A bill for an act relating to insurance; no-fault auto; raising the cap for mandated submission to no-fault arbitration from \$5,000 to \$10,000; providing for attorney's fees; amending Minnesota Statutes 1986, section 65B.525, subdivision 1, and by adding a subdivision.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Vellenga, Forsythe, Battaglia, Welle and Quist introduced:

H. F. No. 1228, A bill for an act relating to traffic regulations; imposing penalty for failure to wear seat belt; amending Minnesota Statutes 1986, section 169.686, subdivision 1.

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

Bauerly, Wenzel and Bertram introduced:

H. F. No. 1229, A bill for an act relating to agriculture; investigating and promoting use of state agricultural commodities by establishments selling prepared food in the state; amending Minnesota Statutes 1986, section 17.03, by adding a subdivision.

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

McEachern introduced:

H. F. No. 1230, A bill for an act relating to insurance; clarifying the authority of school districts to self-insure for property and casualty coverage; amending Minnesota Statutes 1986, section 471.98, subdivision 2.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Winter, Murphy, Begich and Steensma introduced:

H. F. No. 1231, A bill for an act relating to workers' compensation; regulating second medical opinions; providing for neutral physicians; amending Minnesota Statutes 1986, sections 176.135, subdivision 1a; 176.155, subdivision 2; and 176.391, subdivision 2; repealing Minnesota Statutes 1986, section 176.155, subdivision 1.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Peterson, Bauerly and Marsh introduced:

H. F. No. 1232, A bill for an act relating to real property; authorizing use of restrictive covenants prohibiting presence of radioactive substances on land; proposing coding for new law in Minnesota Statutes, chapter 507.

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

Morrison, Frederick, Marsh and Thiede introduced:

H. F. No. 1233, A bill for an act relating to the legislature; prohibiting the solicitation of funds during legislative sessions;

providing certain exceptions; establishing penalties; proposing coding for new law in Minnesota Statutes, chapter 10A.

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

Dempsey, Dille, Hugoson, Richter and Swenson introduced:

H. F. No. 1234, A bill for an act relating to the legislature; prohibiting the solicitation of funds during legislative sessions; providing certain exceptions; establishing penalties; proposing coding for new law in Minnesota Statutes, chapter 10A.

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

Miller, Sviggum and McPherson introduced:

H. F. No. 1235, A bill for an act relating to the legislature; prohibiting the solicitation of funds during legislative sessions; providing certain exceptions; establishing penalties; proposing coding for new law in Minnesota Statutes, chapter 10A.

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

Otis introduced:

H. F. No. 1236, A bill for an act relating to local improvements; permitting the issuance of general obligation bonds for certain pedestrian skyways; amending Minnesota Statutes 1986, section 429.091, subdivision 2.

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

Kludt and Lieder introduced:

H. F. No. 1237, A bill for an act relating to enterprise zones; providing additional funding for certain border city enterprise zones; updating and eliminating obsolete references; amending Minnesota Statutes 1986, sections 273.1312, subdivisions 3 and 4; 273.1313, subdivision 1; 273.1314, subdivisions 8 and 9; repealing Minnesota Statutes 1986, section 273.1314, subdivision 4a.

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

Peterson, Jensen, Lasley, Bauerly and Kludt introduced:

H. F. No. 1238, A bill for an act relating to taxation; property; providing a tax base equalization credit for certain property; providing a small business property tax refund; providing a distressed region industrial property tax refund; providing for the valuation adjustment of agricultural land for purposes of school taxes; imposing penalties; appropriating money; amending Minnesota Statutes 1986, sections 124.2137, subdivision 1; 273.1393; and 276.04; proposing coding for new law in Minnesota Statutes, chapters 124 and 273.

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

Tunheim; Clark; Jefferson; Johnson, R., and Thiede introduced:

H. F. No. 1239, A bill for an act relating to education; providing for long-range Indian education plans; amending Minnesota Statutes 1986, sections 124.481; and 126.48, by adding a subdivision.

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

Shaver introduced:

H. F. No. 1240, A bill for an act relating to motor vehicles; establishing system of lifetime motor vehicle license plates; refunding certain license plate fees; providing that personalized license plates be reissued to previous holders under certain circumstances; appropriating money; amending Minnesota Statutes 1986, section 168.12, subdivisions 1 and 5.

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

Bertram, Bauerly and Boo introduced:

H. F. No. 1241, A bill for an act relating to insurance; authorizing employers to jointly self-insure for property or casualty liability; regulating these plans; proposing coding for new law as Minnesota Statutes, chapter 60E.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Seaberg introduced:

H. F. No. 1242, A bill for an act relating to highway traffic regulations; authorizing recreational vehicle combinations and restricting their use; amending Minnesota Statutes 1986, sections 169.01, by adding a subdivision; and 169.81, subdivision 3, and by adding a subdivision.

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

Steensma, Uphus, Omann and Schoenfeld introduced:

H. F. No. 1243, A bill for an act relating to agriculture; providing a cattle export program; making export enhancement payments to cattle raisers and exporters; appropriating money.

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

Carruthers, Orenstein, Wagenius, Seaberg and Swenson introduced:

H. F. No. 1244, A bill for an act relating to environment; providing reciprocal access to courts and administrative agencies for injuries caused by transboundary pollution; proposing coding for new law in Minnesota Statutes, chapter 543.

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

Miller, by request, introduced:

H. F. No. 1245, A bill for an act relating to alcoholic beverages; prohibiting the retail sale of beer in kegs; proposing coding for new law in Minnesota Statutes, chapter 340A.

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

Valento introduced:

H. F. No. 1246, A bill for an act relating to retirement; public employees retirement association; clarifying the final average salary and service credit applicable to certain later age employment-

related injuries; amending Minnesota Statutes 1986, section 353.01, subdivisions 10 and 16.

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

O'Connor, Sarna, Wenzel, Hartle and Marsh introduced:

H. F. No. 1247, A bill for an act relating to retirement; authorizing reimbursement of retired members of the state patrol retirement fund for the cost of medicare supplemental insurance; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 352B.

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

Wenzel, Kludt, Dille and Omann introduced:

H. F. No. 1248, A bill for an act relating to motor vehicles; providing for free license plates for former prisoners of war; amending Minnesota Statutes 1986, section 168.125, subdivision 1.

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

Stanisus introduced:

H. F. No. 1249, A bill for an act relating to the White Bear Lake conservation district; providing for the membership of its governing board; amending Laws 1971, chapter 355, section 2, subdivision 2, as amended.

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

Ogren, Battaglia, Begich and Solberg introduced:

H. F. No. 1250, A bill for an act relating to employees; providing for a wage protection program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Pappas, Seaberg, Vellenga and Bishop introduced:

H. F. No. 1251, A bill for an act relating to juveniles; eliminating statutory references to "dependency" and "neglect" and substituting the term "child in need of protection or services"; eliminating juvenile court jurisdiction over children who are "habitually disobedient"; transferring alleged truants and runaways to the court's protective services jurisdiction; transferring certain young alleged delinquents to the court's protective services jurisdiction; limiting the duration of the court's continuing jurisdiction over truants; permitting the juvenile court to declare mature minors completely or partially emancipated; limiting the juvenile court's contempt authority over nondelinquents; amending Minnesota Statutes 1986, sections 242.19, subdivision 2; 260.011, subdivision 2; 260.015, subdivision 21, and by adding a subdivision; 260.103, subdivision 1; 260.111; 260.121, subdivisions 1 and 2; 260.131, subdivision 1; 260.132, subdivisions 1 and 3; 260.133, subdivision 2; 260.135, subdivisions 1 and 3; 260.155, subdivisions 1, 4, and 4a; 260.156; 260.171, subdivision 4; 260.173, subdivision 3; 260.181, subdivision 4; 260.191, subdivisions 1 and 4; 260.194; 260.221; 260.235; 260.255; 260.291, subdivisions 1 and 4; 260.301; 260.315; 260.35; 260.36; and 484.73, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 260; repealing Minnesota Statutes 1986, section 260.015, subdivisions 6 and 10.

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

Clark introduced:

H. F. No. 1252, A bill for an act relating to eminent domain; authorizing court having jurisdiction over an eminent domain proceeding to compel occupants of condemned real estate to deliver possession; proposing coding for new law in Minnesota Statutes, chapter 117.

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

Schoenfeld introduced:

H. F. No. 1253, A bill for an act relating to agriculture; establishing an agricultural linked deposit program; imposing a penalty.

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

Pelowski; Johnson, V., and Otis introduced:

H. F. No. 1254, A bill for an act relating to counties; permitting counties to make certain loans to assist child care; amending Minnesota Statutes 1986, section 245.84, subdivision 1.

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

Larsen and Lasley introduced:

H. F. No. 1255, A bill for an act relating to waste management; providing for the abatement priority of certain tire dumps or collection sites; amending Minnesota Statutes 1986, section 115A.912, subdivision 2.

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

Larsen and Dorn introduced:

H. F. No. 1256, A bill for an act relating to health; appropriating money for the mosquito research program.

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

Munger; Norton; Redalen; Anderson, G., and Rose introduced:

H. F. No. 1257, A bill for an act proposing an amendment to the Minnesota Constitution by adding a section to article XI; establishing a Minnesota environmental and natural resources trust fund; providing implementing legislation; proposing coding for new law as Minnesota Statutes, chapter 115C.

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

Kludt and Orenstein introduced:

H. F. No. 1258, A bill for an act relating to civil actions; requiring future damages to be discounted in arbitration proceedings; requiring the court to instruct the jury on an award of future damages;

amending Minnesota Statutes 1986, section 604.07, subdivisions 2, 3, 4, and by adding a subdivision.

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

Otis introduced:

H. F. No. 1259, A bill for an act relating to education; establishing a school and community partnership program on positive youth development; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 129B.

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

Sarna and Clark introduced:

H. F. No. 1260, A bill for an act relating to the Minneapolis park and recreation board; permitting the establishment of a park board personnel system; requiring the park board to adopt current Minneapolis civil service commission provisions; providing employee protections.

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

Onnen introduced:

H. F. No. 1261, A bill for an act relating to health insurance; establishing a sliding fee insurance program for children with handicaps; requiring the commissioner to adopt rules; proposing coding for new law in Minnesota Statutes, chapter 62E.

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

Beard, Scheid, Solberg and Murphy introduced:

H. F. No. 1262, A bill for an act relating to public employees; prohibiting use of strikebreakers during a teacher strike; amending Minnesota Statutes 1986, sections 179A.03, by adding a subdivision; and 179A.13, subdivision 2.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Bauerly introduced:

H. F. No. 1263, A bill for an act relating to the administration of state property; extending the period for which the commissioner of administration may lease state property; amending Minnesota Statutes 1986, section 16B.24, subdivision 5.

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

Pappas, Norton, Bennett, Knuth and Schreiber introduced:

H. F. No. 1264, A bill for an act relating to the Minnesota state historical society; providing for preservation and interpretation of public areas of the state capitol; amending Minnesota Statutes 1986, section 138.67; proposing coding for new law in Minnesota Statutes, chapter 138.

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

Olsen, S.; Scheid; McLaughlin; Redalen and Ogren introduced:

H. F. No. 1265, A bill for an act relating to alcoholic beverages; providing for the licensing of low-volume brewers; allowing them to be granted an on-sale intoxicating liquor or nonintoxicating malt liquor license; amending Minnesota Statutes 1986, section 340A.301, subdivisions 6 and 7.

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

Rest; Segal; Forsythe; Carlson, L., and Olsen, S., introduced:

H. F. No. 1266, A bill for an act relating to Hennepin county; providing bonding authority for library construction and betterment; amending Minnesota Statutes 1986, section 383B.245.

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

Otis introduced:

H. F. No. 1267, A bill for an act relating to insurance; correcting certain errors; removing ambiguities; expanding certain insurers' investment authority; authorizing the commissioner to adopt investment rules; providing for miscellaneous changes and clarification;

amending Minnesota Statutes 1986, section 60A.11, subdivisions 10, 11, 13, 14, 15, 17, 18, 19, 21, 23, 24, 26, and by adding a subdivision.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Carlson, L.; Dorn; Jennings; Stanius and Morrison introduced:

H. F. No. 1268, A bill for an act relating to local government; permitting the establishment of special service districts; providing taxing and other authority; proposing coding for new law as Minnesota Statutes, chapter 429A.

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

Carlson, D., introduced:

H. F. No. 1269, A bill for an act relating to state lands; providing for exchange of tax-forfeited peat lands in Aitkin county.

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

Anderson, G.; Neuenschwander and Schoenfeld introduced:

H. F. No. 1270, A bill for an act relating to lotteries; creating a Minnesota lottery agency and providing for its powers and duties; authorizing the sale of lottery tickets; providing penalties; requiring profits from the lottery to be dedicated to the reinvest in Minnesota resources fund and to the general fund to be used for economic development in greater Minnesota; establishing the reinvest in Minnesota resources endowment fund; appropriating money; amending Minnesota Statutes 1986, sections 10A.01, subdivision 18; 15A.081, subdivision 1; 290.09, by adding a subdivision; and 609.761; proposing coding for new law in Minnesota Statutes, chapters 84 and 297A; proposing coding for new law as Minnesota Statutes, chapter 240A.

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

Waltman introduced:

H. F. No. 1271, A bill for an act relating to agriculture; making certain changes in the farmer-lender mediation act; amending

Minnesota Statutes 1986, sections 583.26, subdivisions 1 and 2; and 583.27, by adding a subdivision.

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

Waltman introduced:

H. F. No. 1272, A bill for an act relating to health; creating an exception to the nursing home moratorium; amending Minnesota Statutes 1986, section 144A.071, subdivision 3.

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

Kludt, Pappas, Wagenius, Greenfield and Bishop introduced:

H. F. No. 1273, A bill for an act relating to marriage dissolution; guardian ad litem; providing for the payment of certain fees; providing for written recommendations; providing for access to data and reports; prohibiting the guardian ad litem from conducting the custody investigation; amending Minnesota Statutes 1986, sections 518.165, subdivision 3, and by adding a subdivision; and 518.167, subdivision 1.

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

Nelson, D.; Johnson, A.; Simoneau; Quinn and Voss introduced:

H. F. No. 1274, A bill for an act relating to crimes; taxes; providing for collection from convicted person's tax refund of court-ordered restitution to crime victims; amending Minnesota Statutes 1986, sections 270A.02; and 270A.03, subdivisions 2, 5, and by adding a subdivision.

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

Lasley and Solberg introduced:

H. F. No. 1275, A bill for an act relating to newspapers; regulating certain awards for civic achievement; proposing coding for new law in Minnesota Statutes, chapter 331A.

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

Lasley, Peterson, Larsen and Carlson, D., introduced:

H. F. No. 1276, A bill for an act relating to education; revising, simplifying, and equalizing certain revenues for school districts; appropriating money; amending Minnesota Statutes 1986, section 275.125, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 124; repealing Minnesota Statutes 1986, sections 121.85; 121.86; 121.87; 121.88; 121.882; 121.935, subdivision 5; 123.701; 123.702; 123.703; 123.704; 123.705; 124.17, subdivisions 1a and 2d; 124.175; 124.185; 124.2161; 124.2162; 124.2163; 124.245; 124.246; 124.247; 124.252; 124.26; 124.271; 124.2711; 124.272; 124.273; 124.274; 124.275; 124.573; 124.65; 124.66; 124A.01; 124A.02, subdivisions 2, 3a, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 19, 23, and 24; 124A.03, subdivisions 1, 1a, 3, 4, and 6; 124A.031, subdivision 1; 124A.033; 124A.034; 124A.035, subdivision 1; 124A.04; 124A.06; 124A.08; 124A.10; 124A.12; 124A.14; 124A.16; 124A.20; 124A.21; 126.031, subdivision 2; 126.264, subdivision 3; 126.267; 126.268, subdivision 2; 126.60; 126.62; 126.64; 126.65; 126.70; 126.71; 126.72; 126.80; 126.81; 129B.01; 129B.02; 129B.04; 129B.05; 129B.17; 129B.20; 129B.21; 129B.41; 129B.42; 129B.43; 129B.44; 129B.45; 129B.46; 129B.47; 129B.61; 129B.62; 129B.63; 129B.64; 129B.65; 129B.66; 129B.67; and 275.125, subdivisions 3, 6a, 8, 8a, 8b, 11a, 11c, and 12.

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

Anderson, G., and Brown introduced:

H. F. No. 1277, A bill for an act relating to transportation; providing for state park road account funds to be used for lake access roads; amending Minnesota Statutes 1986, section 162.06, subdivision 5.

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

Rest, Kludt, Blatz and Pappas introduced:

H. F. No. 1278, A bill for an act relating to custody; providing that evidence of domestic abuse is relevant to determinations of custody; amending Minnesota Statutes 1986, sections 518.17, subdivision 1; and 518B.01, by adding a subdivision.

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

Jennings, Cooper, Redalen, Uphus and Lasley introduced:

H. F. No. 1279, A bill for an act relating to agriculture; transferring authority of the commissioner of energy and economic development relating to governor's council on rural development to the commissioner of agriculture; authorizing loan and grant programs; providing for new members; appropriating money; amending Minnesota Statutes 1986, sections 116J.951; 116J.955; and 116J.961, subdivisions 1, 2, 3, 5, 8, and 9; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1986, section 116J.961, subdivision 10.

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

Stanius and Bennett introduced:

H. F. No. 1280, A bill for an act relating to human services; establishing fair audit procedures for nursing homes; amending Minnesota Statutes 1986, section 256B.27, subdivision 1, and by adding a subdivision.

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

Battaglia introduced:

H. F. No. 1281, A bill for an act relating to liquor; authorizing Lake county to issue seasonal on-sale licenses.

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

Skoglund, Dille, Kahn, Quist and Greenfield introduced:

H. F. No. 1282, A bill for an act relating to taxation; limiting the sales tax exemption for publications to those publications that do not advertise tobacco products; amending Minnesota Statutes 1986, section 297A.25, subdivision 10.

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

Skoglund, Dille, Kahn, Quist and Greenfield introduced:

H. F. No. 1283, A bill for an act relating to health; prohibiting smoking in day care homes and centers, schools, and health care

facilities; prohibiting free distribution of smoking tobacco products; restricting sales and advertising of tobacco products; amending Minnesota Statutes 1986, sections 144.412; 144.414; and 325F.77, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Thiede, Schreiber and Miller introduced:

H. F. No. 1284, A bill for an act proposing an amendment to the Minnesota Constitution, adding a section to article VIII; providing for the recall of elected officials.

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

Vellenga, Bauerly, McEachern, Trimble and Otis introduced:

H. F. No. 1285, A bill for an act relating to education; appropriating money for districts implementing mandatory desegregation plans.

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

Sparby; Tunheim; Johnson, V.; Johnson, R., and Carlson, D., introduced:

H. F. No. 1286, A bill for an act relating to game and fish; establishing a program to compensate landowners and lessees for damages done by wild animals; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Welle, Pelowski, Begich, Dorn and Johnson, R., introduced:

H. F. No. 1287, A bill for an act relating to taxation; property; providing a tax base equalization credit for certain property; providing a small business property tax refund; providing a distressed region industrial property tax refund; providing for the valuation adjustment of agricultural land for purposes of school taxes; imposing penalties; appropriating money; amending Minnesota Statutes 1986, sections 124.2137, subdivision 1; 273.1393; and 276.04; pro-

posing coding for new law in Minnesota Statutes, chapters 124 and 273.

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

Haukoos, Quinn, Otis, Kalis and Dempsey introduced:

H. F. No. 1288, A bill for an act relating to state government; requiring a study on the feasibility of building a parking ramp on certain property.

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

Jennings, Greenfield, Stanius, Wynia and Anderson, R., introduced:

H. F. No. 1289, A bill for an act relating to human services; providing training of welfare fraud prosecutors and investigators; providing staff for fraud control functions; defining amounts of assistance indirectly paid; providing for joint trials; changing the date of payment of certain periodic support to the assistance unit; regulating certain property transfers; providing for incorrect assistance amounts recovered; appropriating money; amending Minnesota Statutes 1986, sections 256.74, subdivision 1; 256.98; 256D.05; and 393.07, subdivision 10.

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

Sparby; Tunheim; Carlson, D.; Ogrén and Battaglia introduced:

H. F. No. 1290, A bill for an act relating to game and fish; allowing the taking of minnows and other live baits for commercial purposes on wildlife management areas of any size; amending Minnesota Statutes 1986, section 97C.505, subdivision 3, and by adding a subdivision.

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

Heap introduced:

H. F. No. 1291, A bill for an act relating to human services; providing an exception to the nursing home operating cost rate

limitation; amending Minnesota Statutes 1986, section 256B.431, subdivision 2b.

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

Carlson, L.; Nelson, K.; Forsythe; Kelso and Dorn introduced:

H. F. No. 1292, A bill for an act relating to education; increasing the aid and levy for programs for handicapped adults; appropriating money; amending Minnesota Statutes 1986, sections 121.88, subdivision 7; 124.271, subdivisions 2b and 7; and 275.125, subdivision 8.

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

Clark, Quinn, Quist and Rukavina introduced:

H. F. No. 1293, A bill for an act relating to elections; changing certain voter registration procedures to increase voter participation; providing for a computerized central registration system, voter registration forms in state income tax forms and booklets, and a combined voter registration, driver's license, and identification card form; appropriating money; amending Minnesota Statutes 1986, sections 201.021; 201.054, subdivision 1; 201.061, subdivision 1; 201.071, subdivision 4; 201.081; 201.121, subdivision 1; 201.13; 201.15; 201.161; 201.171; 201.221, subdivision 2; 290.39, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 201.

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

Segal; Nelson, K.; McEachern and Olson, K., introduced:

H. F. No. 1294, A bill for an act relating to education; increasing the aid and levy for programs for handicapped adults; appropriating money; amending Minnesota Statutes 1986, sections 121.88, subdivision 7; 124.271, subdivisions 2b and 7; and 275.125, subdivision 8.

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

Heap introduced:

H. F. No. 1295, A bill for an act relating to unemployment insurance; limiting deductions for vacation pay; amending Minnesota Statutes 1986, section 268.08, subdivision 3.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Vellenga, Ozment, Otis, Kostohryz and Sviggum introduced:

H. F. No. 1296, A bill for an act relating to education; requiring special instruction and services for handicapped children from birth to age two; expanding the definition of a handicapped child under age five; establishing an advisory council for interagency coordination; clarifying the duty to provide certain transportation for handicapped children and the eligibility for transportation aid; amending Minnesota Statutes 1986, sections 120.03, subdivision 1; 120.17, subdivisions 1, 2, 3, 3a, 5, 7a, 12, and by adding subdivisions; 123.39, subdivision 1; and 124.223; repealing Minnesota Statutes 1986, section 120.17, subdivision 13.

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

Milbert and Simoneau introduced:

H. F. No. 1297, A bill for an act relating to agriculture; providing a computerized system for notification of security interests in farm products; providing a computerized filing system and central data base for uniform commercial code financing statements and lien statements; imposing a penalty; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 336; and proposing coding for new law as Minnesota Statutes, chapter 336A.

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

Rest, Voss and Long introduced:

H. F. No. 1298, A bill for an act relating to public finance; modifying and extending means of financing operations of local government and certain nonprofit institutions; providing an income tax exemption for interest earned on certain governmental obligations; amending Minnesota Statutes 1986, sections 124.76, subdivision 2; 290.01, subdivisions 20, 20a, and 20b; 290.091, subdivision 2; 373.01, by adding a subdivision; 400.101; 429.091, by adding a subdivision; 462.429; 462.445, subdivision 4; 462.461, subdivision 4; 462.555; 465.71; 466.06; 471.981, subdivisions 1, 4, and by adding subdivisions; 473.811, subdivision 2; 474.02, subdivision 1d; 475.51, subdivision 3; 475.52, subdivision 3; 475.54, subdivision 1, and by adding subdivisions; 475.55, subdivisions 1, 2, 3, 4, 6, 7, and by adding a subdivision; 475.56; 475.60, subdivision 2; 475.66, subdivision 3; and 475.67, subdivisions 3 and 12; proposing coding for new law in Minnesota Statutes, chapters 116M, 136A, 471, and 475;

repealing Minnesota Statutes 1986, sections 475.55, subdivision 5; and 475.67, subdivision 11.

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

HOUSE ADVISORIES

The following House Advisory was introduced:

Clark, Simoneau, Krueger, Voss and Kelso introduced:

H. A. No. 10, A proposal to study the effects of the use of video display terminals.

The advisory was referred to the Committee on Governmental Operations.

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. 166, A bill for an act relating to real property; authorizing conveyance of state interest in certain land in St. Louis county.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Battaglia moved that the House concur in the Senate amendments to H. F. No. 166 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 166, A bill for an act relating to real property; authorizing conveyance of state interest in certain land in St. Louis county.

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 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Lasley	Osthoff	Simoneau
Anderson, R.	Greenfield	Lieder	Otis	Skoglund
Battaglia	Gruenes	Long	Ozment	Solberg
Bauerly	Gutknecht	Marsh	Pappas	Sparby
Beard	Hartle	McDonald	Pauly	Stanisus
Begich	Haukoos	McEachern	Pelowski	Steensma
Bennett	Heap	McKasy	Peterson	Sviggum
Bertram	Himle	McPherson	Price	Swenson
Blatz	Hugoson	Milbert	Quinn	Thiede
Boo	Jacobs	Miller	Quist	Tjornhom
Brown	Jaros	Minne	Redalen	Tompkins
Burger	Jefferson	Morrison	Reding	Trimble
Carlson, D.	Jennings	Murphy	Rice	Tunheim
Carlson, L.	Jensen	Nelson, C.	Richter	Uphus
Carruthers	Johnson, R.	Nelson, D.	Rodosovich	Valento
Clark	Johnson, V.	Nelson, K.	Rose	Vanasek
Clausnitzer	Kahn	Neuenschwander	Rukavina	Vellenga
Cooper	Kalis	O'Connor	Sarna	Voss
Dauner	Kelly	Ogren	Schafer	Wagenius
DeBlick	Kelso	Olsen, S.	Scheid	Waltman
Dempsey	Kinkel	Olson, E.	Schoenfeld	Welle
Dille	Kludt	Olson, K.	Schreiber	Wenzel
Dorn	Knuth	Omann	Seaberg	Winter
Forsythe	Kostohryz	Onnen	Segal	Wynia
Frederick	Larsen	Orenstein	Shaver	Spk. Norton

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

CONSENT CALENDAR

H. F. No. 424, A bill for an act relating to the military; authorizing the adjutant general to delegate certain duties to subordinates; amending Minnesota Statutes 1986, section 190.16, 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. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bertram	Carruthers	Dille	Gutknecht
Anderson, R.	Blatz	Clark	Dorn	Hartle
Battaglia	Boo	Clausnitzer	Forsythe	Haukoos
Bauerly	Brown	Cooper	Frederick	Heap
Beard	Burger	Dauner	Frerichs	Himle
Begich	Carlson, D.	DeBlick	Greenfield	Hugoson
Bennett	Carlson, L.	Dempsey	Gruenes	Jacobs

Jaros	Marsh	Olson, K.	Rodosovich	Thiede
Jefferson	McDonald	Omann	Rose	Tjornhom
Jennings	McEachern	Onnen	Rukavina	Tompkins
Jensen	McKasy	Orenstein	Sarna	Trimble
Johnson, A.	McLaughlin	Osthoff	Schafer	Tunheim
Johnson, R.	McPherson	Ozment	Scheid	Uphus
Johnson, V.	Milbert	Pappas	Schoenfeld	Valento
Kahn	Miller	Pauly	Schreiber	Vanasek
Kalis	Minne	Pelowski	Seaberg	Vellenga
Kelso	Morrison	Peterson	Segal	Voss
Kinkel	Murphy	Poppenhagen	Shaver	Wagenius
Kludt	Nelson, C.	Price	Simoneau	Waltman
Knickerbocker	Nelson, D.	Quinn	Skoglund	Welle
Knuth	Nelson, K.	Quist	Solberg	Wenzel
Kostohryz	Neuenschwander	Redalen	Sparby	Winter
Larsen	O'Connor	Reding	Stanis	Wynia
Lasley	Ogren	Rest	Steensma	Spk. Norton
Lieder	Olsen, S.	Rice	Svigum	
Long	Olson, E.	Richter	Swenson	

The bill was passed and its title agreed to.

H. F. No. 545, A bill for an act relating to natural resources; revising qualifications for the office of director of the division of waters; amending Minnesota Statutes 1986, section 105.40, subdivision 1.

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

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

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Ozment	Skoglund
Anderson, R.	Hartle	Marsh	Pappas	Solberg
Battaglia	Haukoos	McDonald	Pauly	Sparby
Bauerly	Heap	McEachern	Pelowski	Stanis
Beard	Himle	McKasy	Peterson	Steensma
Begich	Hugoson	McLaughlin	Poppenhagen	Svigum
Bennett	Jacobs	McPherson	Price	Swenson
Bertram	Jefferson	Milbert	Quinn	Thiede
Blatz	Jennings	Miller	Quist	Tjornhom
Boo	Jensen	Minne	Redalen	Tompkins
Burger	Johnson, A.	Morrison	Reding	Trimble
Carlson, D.	Johnson, R.	Murphy	Rest	Tunheim
Carlson, L.	Johnson, V.	Nelson, C.	Rice	Uphus
Carruthers	Kahn	Nelson, D.	Richter	Valento
Clark	Kalis	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kelly	Neuenschwander	Rose	Vellenga
Cooper	Kelso	O'Connor	Sarna	Voss
DeBlicke	Kinkel	Ogren	Schafer	Wagenius
Dempsey	Kludt	Olsen, S.	Scheid	Waltman
Dorn	Knickerbocker	Olson, E.	Schoenfeld	Welle
Forsythe	Knuth	Omann	Schreiber	Wenzel
Frederick	Kostohryz	Onnen	Seaberg	Winter
Frerichs	Larsen	Orenstein	Segal	Wynia
Greenfield	Lasley	Osthoff	Shaver	Spk. Norton
Gruenes	Lieder	Otis	Simoneau	

The bill was passed and its title agreed to.

CALENDAR

H. F. No. 526, A bill for an act relating to human services; authorizing the department of human services to enter into shared service agreements; amending Minnesota Statutes 1986, section 246.57, subdivisions 1, 2, and by adding a subdivision; repealing Minnesota Statutes 1986, sections 246.57, subdivision 3; 246.61; 246.62; and 246.63.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Ozment	Skoglund
Anderson, R.	Gruenes	Long	Pappas	Solberg
Battaglia	Gutknecht	Marsh	Pauly	Sparby
Bauerly	Hartle	McDonald	Pelowski	Stanisus
Beard	Haukoos	McEachern	Peterson	Steensma
Begich	Heap	McKasy	Poppenhagen	Sviggum
Bennett	Himle	McLaughlin	Price	Swenson
Bertram	Hugoson	McPherson	Quinn	Thiede
Blatz	Jacobs	Milbert	Quist	Tjornhom
Boo	Jaros	Miller	Redalen	Tompkins
Brown	Jefferson	Minne	Reding	Trimble
Burger	Jennings	Morrison	Rest	Tunheim
Carlson, D.	Jensen	Murphy	Rice	Uphus
Carlson, L.	Johnson, A.	Nelson, C.	Richter	Valento
Carruthers	Johnson, R.	Nelson, D.	Rodosovich	Vanasek
Clark	Johnson, V.	Nelson, K.	Rose	Vellenga
Clausnitzer	Kahn	Neuenschwander	Rukavina	Voss
Cooper	Kalis	O'Connor	Sarna	Wagenius
Dauner	Kelly	Ogren	Schafer	Waltman
DeBlieck	Kelso	Olsen, S.	Scheid	Welle
Dempsey	Kludt	Olson, K.	Schoenfeld	Wenzel
Dille	Knickerbocker	Omann	Schreiber	Winter
Dorn	Knuth	Onnen	Seaberg	Wynia
Forsythe	Kostohryz	Orenstein	Segal	Spk. Norton
Frederick	Larsen	Osthoff	Shaver	
Frerichs	Lasley	Otis	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 527 was reported to the House.

Cooper moved that H. F. No. 527 be re-referred to the Committee on Appropriations. The motion prevailed.

H. F. No. 542, A bill for an act relating to transportation; providing an alternative procedure to record town roads; proposing coding for new law in Minnesota Statutes, chapter 164.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Otis	Simoneau
Anderson, R.	Gutknecht	Long	Ozment	Skoglund
Battaglia	Hartle	Marsh	Pappas	Solberg
Bauerly	Haukoos	McDonald	Pauly	Sparby
Beard	Heap	McEachern	Pelowski	Stanis
Begich	Himle	McKasy	Peterson	Steensma
Bennett	Hugoson	McLaughlin	Poppenhagen	Sviggum
Bertram	Jacobs	McPherson	Price	Swenson
Blatz	Jaros	Milbert	Quinn	Thiede
Boo	Jefferson	Miller	Quist	Tjornhom
Brown	Jennings	Minne	Redalen	Tompkins
Burger	Jensen	Morrison	Reding	Trimble
Carlson, D.	Johnson, A.	Murphy	Rest	Tunheim
Carlson, L.	Johnson, R.	Nelson, C.	Rice	Uphus
Carruthers	Johnson, V.	Nelson, D.	Richter	Valento
Clark	Kahn	Nelson, K.	Rodosovich	Vanasek
Clausnitzer	Kalis	Neuenschwander	Rose	Vellenga
Cooper	Kelly	O'Connor	Rukavina	Voss
Dauner	Kelso	Ogren	Sarna	Wagenius
DeBlick	Kinkel	Olson, S.	Schafer	Waltman
Dempsey	Kludt	Olson, E.	Scheid	Welle
Dille	Knickerbocker	Olson, K.	Schoenfeld	Wenzel
Dorn	Knuth	Omman	Schreiber	Winter
Forsythe	Kostohryz	Onnen	Seaberg	Wynia
Frederick	Larsen	Orenstein	Segal	Spk. Norton
Frerichs	Lasley	Osthoff	Shaver	

The bill was passed and its title agreed to.

H. F. No. 557, A bill for an act relating to state departments and agencies; renaming the mental retardation division of the department of human services; amending Minnesota Statutes 1986, section 245.072.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bertram	Carruthers	Dille	Hartle
Anderson, R.	Blatz	Clark	Dorn	Haukoos
Battaglia	Boo	Clausnitzer	Forsythe	Heap
Bauerly	Brown	Cooper	Frerichs	Himle
Beard	Burger	Dauner	Greenfield	Hugoson
Begich	Carlson, D.	DeBlick	Gruenes	Jacobs
Bennett	Carlson, L.	Dempsey	Gutknecht	Jaros

Jefferson	McDonald	Onnen	Rose	Tjornhom
Jennings	McEachern	Orenstein	Rukavina	Tompkins
Jensen	McKasy	Osthoff	Sarna	Trimble
Johnson, A.	McLaughlin	Otis	Schafer	Tunheim
Johnson, R.	McPherson	Ozment	Scheid	Uphus
Johnson, V.	Milbert	Pappas	Schoenfeld	Valento
Kahn	Miller	Pauly	Schreiber	Vanasek
Kalis	Minne	Pelowski	Seaberg	Vellenga
Kelso	Murphy	Peterson	Segal	Voss
Kinkel	Nelson, C.	Poppenhagen	Shaver	Wagenius
Kludt	Nelson, D.	Price	Simoneau	Waltman
Knickerbocker	Nelson, K.	Quinn	Skoglund	Welle
Knuth	Neuenschwander	Quist	Solberg	Wenzel
Kostohryz	O'Connor	Redalen	Sparby	Winter
Larsen	Ogren	Reding	Stanius	Wynia
Lasley	Olsen, S.	Rest	Steensma	Spk. Norton
Lieder	Olson, E.	Rice	Sviggum	
Long	Olson, K.	Richter	Swenson	
Marsh	Omman	Rodosovich	Thiede	

The bill was passed and its title agreed to.

H. F. No. 687, A bill for an act relating to collection and dissemination of data; allowing law enforcement agencies to release the date of birth of persons involved in traffic accidents; amending Minnesota Statutes 1986, section 169.09, subdivision 13.

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 123 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Pauly	Solberg
Anderson, R.	Greenfield	Lasley	Pelowski	Sparby
Battaglia	Gruenes	Lieder	Peterson	Stanius
Beard	Gutknecht	Marsh	Poppenhagen	Steensma
Begich	Hartle	McDonald	Price	Sviggum
Bennett	Haukoos	McEachern	Quinn	Swenson
Bertram	Heap	McKasy	Quist	Thiede
Bishop	Himle	McLaughlin	Redalen	Tjornhom
Blatz	Hugoson	McPherson	Reding	Tompkins
Boo	Jacobs	Milbert	Rest	Trimble
Brown	Jaros	Miller	Rice	Tunheim
Burger	Jefferson	Morrison	Richter	Uphus
Carlson, D.	Jensen	Murphy	Rodosovich	Valento
Carlson, L.	Johnson, A.	Nelson, D.	Rose	Vanasek
Carruthers	Johnson, R.	Nelson, K.	Rukavina	Vellenga
Clark	Johnson, V.	Neuenschwander	Sarna	Voss
Clausnitzer	Kahn	O'Connor	Schafer	Wagenius
Cooper	Kalis	Ogren	Scheid	Waltman
Dauner	Kelly	Omman	Schoenfeld	Welle
DeBlieck	Kelso	Onnen	Schreiber	Wenzel
Dempsey	Kinkel	Orenstein	Seaberg	Winter
Dille	Kludt	Osthoff	Segal	Wynia
Dorn	Knickerbocker	Otis	Shaver	Spk. Norton
Forsythe	Knuth	Ozment	Simoneau	
Frederick	Kostohryz	Pappas	Skoglund	

Those who voted in the negative were:

Bauerly	Minne	Olson, E.	Olson, K.
Long	Olsen, S.		

The bill was passed and its title agreed to.

S.F. No. 137 was reported to the House.

There being no objection, S. F. No. 137 was continued on the Calendar for one day.

H. F. No. 29, A bill for an act relating to traffic regulations; requiring motor vehicle operators to use child passenger restraint system when transporting child under age of four; assessing court costs to violator under certain conditions; imposing penalty; amending Minnesota Statutes 1986, section 169.685, subdivision 5, 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. There were 120 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Knuth	Orenstein	Segal
Anderson, R.	Greenfield	Kostohryz	Osthoff	Shaver
Battaglia	Gruenes	Larsen	Otis	Simoneau
Bauerly	Gutknecht	Lasley	Ozment	Skoglund
Beard	Hartle	Lieder	Pappas	Solberg
Begich	Haukoos	Long	Pauly	Sparby
Bennett	Heap	Marsh	Pelowski	Stanisus
Bertram	Himle	McDonald	Peterson	Steensma
Bishop	Hugoson	McEachern	Popenhagen	Swenson
Blatz	Jacobs	McKasy	Price	Tjornhom
Boo	Jaros	McLaughlin	Quinn	Tompkins
Brown	Jefferson	Milbert	Redalen	Trimble
Burger	Jennings	Minne	Reding	Tunheim
Carlson, D.	Jensen	Morrison	Rest	Uphus
Carlson, L.	Johnson, A.	Murphy	Rice	Vanasek
Carruthers	Johnson, R.	Nelson, C.	Richter	Vellenga
Clark	Johnson, V.	Nelson, D.	Rodosovich	Voss
Clausnitzer	Kahn	Nelson, K.	Rose	Wagenius
Cooper	Kalis	Neuenschwander	Rukavina	Waltman
Dauner	Kelly	O'Connor	Sarna	Welle
DeBlick	Kelso	Ogren	Schafer	Wenzel
Dille	Kinkel	Olsen, S.	Scheid	Winter
Dorn	Kludt	Olson, K.	Schoenfeld	Wynia
Forsythe	Knickerbocker	Omann	Seaberg	Spk. Norton

Those who voted in the negative were:

Dempsey	McPherson	Onnen	Sviggm
Frerichs	Miller	Schreiber	Thiede

The bill was passed and its title agreed to.

H. F. No. 375, A bill for an act relating to corrections; clarifying the commissioner of corrections authority in licensing and supervising institutions and facilities; providing for restitution by inmates for destruction of state property; clarifying terminology; authorizing the commissioner to adopt rules relating to payment of restitution by inmates; authorizing the forfeiture of contraband money or property; clarifying provisions relating to county probation reimbursement; providing a penalty for assaults on correctional employees; amending Minnesota Statutes 1986, sections 241.021, subdivision 1; 241.08, subdivision 1; 241.26, subdivision 5; 241.69, subdivision 2; 243.23, subdivision 3; 243.24, subdivision 1, and by adding a subdivision; 260.311, subdivision 4; 609.2231, by adding a subdivision; and 641.264, subdivision 2.

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 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Orenstein	Shaver
Anderson, R.	Greenfield	Lasley	Osthoff	Simoneau
Battaglia	Gruenes	Lieder	Otis	Skoglund
Bauerly	Gutknecht	Long	Ozment	Solberg
Beard	Hartle	Marsh	Pappas	Sparby
Begich	Haukoos	McDonald	Pauly	Stanis
Bennett	Heap	McEachern	Pelowski	Steensma
Bertram	Himle	McKasy	Peterson	Sviggum
Bishop	Hugoson	McLaughlin	Popenhagen	Swenson
Blatz	Jacobs	McPherson	Price	Thiede
Boo	Jaros	Milbert	Quinn	Tjornhom
Brown	Jefferson	Miller	Quist	Tompkins
Burger	Jennings	Minne	Redalen	Trimble
Carlson, D.	Jensen	Morrison	Reding	Tunheim
Carlson, L.	Johnson, A.	Murphy	Rest	Uphus
Carruthers	Johnson, R.	Nelson, C.	Rice	Valento
Clark	Johnson, V.	Nelson, D.	Richter	Vanasek
Clausnitzer	Kahn	Nelson, K.	Rose	Vellenga
Cooper	Kalis	Neuenschwander	Rukavina	Voss
Dauner	Kelly	O'Connor	Sarna	Wagenius
DeBlick	Kelso	Ogren	Schafer	Waltman
Dempsey	Kinkel	Olsen, S.	Scheid	Welle
Dille	Kludt	Olson, E.	Schoenfeld	Wenzel
Dorn	Knickerbocker	Olson, K.	Schreiber	Winter
Forsythe	Knuth	Omann	Seaberg	Wynia
Frederick	Kostohryz	Onnen	Segal	Spk. Norton

Those who voted in the negative were:

Rodosovich

The bill was passed and its title agreed to.

H. F. No. 444, A bill for an act relating to insurance; regulating funeral and burial expenses; allowing persons to select funeral or burial services and supplies of their choice; amending Minnesota Statutes 1986, section 72A.325.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frerichs	Larsen	Orenstein	Segal
Anderson, R.	Greenfield	Lasley	Osthoff	Shaver
Battaglia	Gruenes	Lieder	Otis	Simoneau
Bauerly	Gutknecht	Long	Ozment	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Steensma
Bishop	Hugoson	McLaughlin	Poppenhagen	Swiggum
Blatz	Jacobs	McPherson	Price	Swenson
Boo	Jaros	Milbert	Quinn	Thiede
Brown	Jefferson	Miller	Quist	Tjornhom
Burger	Jennings	Minne	Redalen	Tompkins
Carlson, D.	Jensen	Morrison	Reding	Tunheim
Carlson, L.	Johnson, A.	Murphy	Rest	Uphus
Carruthers	Johnson, R.	Nelson, C.	Rice	Valento
Clark	Johnson, V.	Nelson, D.	Richter	Vanasek
Clausnitzer	Kahn	Nelson, K.	Rodosovich	Vellenga
Cooper	Kalis	Neuenschwander	Rose	Voss
Dauner	Kelly	O'Connor	Rukavina	Wagenius
DeBlicke	Kelso	Ogren	Sarna	Waltman
Dempsey	Kinkel	Olsen, S.	Schafer	Welle
Dille	Kludt	Olson, E.	Scheid	Wenzel
Dorn	Knickerbocker	Olson, K.	Schoenfeld	Winter
Forsythe	Knuth	Omann	Schreiber	Wynia
Frederick	Kostohryz	Onnen	Seaberg	Spk. Norton

The bill was passed and its title agreed to.

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

H. F. No. 575, A resolution memorializing the President and Congress to immediately direct the Farmers Home Administration to participate in and cooperate with the Farmer-Lender Mediation Program in the State of Minnesota.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Beard	Bishop	Burger	Clark
Anderson, R.	Begich	Blatz	Carlson, D.	Clausnitzer
Battaglia	Bennett	Boo	Carlson, L.	Cooper
Bauerly	Bertram	Brown	Carruthers	Dauner

DeBlieck	Kahn	Murphy	Quinn	Stanius
Dempsey	Kelly	Nelson, C.	Quist	Steensma
Dorn	Kelso	Nelson, D.	Redalen	Sviggum
Forsythe	Kinkel	Nelson, K.	Reding	Swenson
Frederick	Kludt	Neuenschwander	Rest	Thiede
Frerichs	Knickerbocker	O'Connor	Rice	Tjornhom
Greenfield	Knuth	Ogren	Richter	Tompkins
Gruenes	Kostohryz	Olsen, S.	Rodosovich	Trimble
Gutknecht	Larsen	Olson, E.	Rose	Tunheim
Hartle	Lasley	Olson, K.	Rukavina	Uphus
Haukoos	Lieder	Omann	Sarna	Valento
Heap	Long	Onnen	Schafer	Vanasek
Himle	Marsh	Orenstein	Scheid	Vellenga
Hugoson	McDonald	Osthoff	Schoenfeld	Voss
Jacobs	McEachern	Otis	Schreiber	Wagenius
Jaros	McKasy	Ozment	Seaberg	Waltman
Jefferson	McLaughlin	Pappas	Segal	Welle
Jennings	McPherson	Pauly	Shaver	Wenzel
Jensen	Milbert	Pelowski	Simoneau	Winter
Johnson, A.	Miller	Peterson	Skoglund	Wynia
Johnson, R.	Minne	Poppenhagen	Solberg	Spk. Norton
Johnson, V.	Morrison	Price	Sparby	

The bill was passed and its title agreed to.

H. F. No. 661, A bill for an act relating to commerce; granting motor fuel retailers the option to purchase from wholesalers other than the refiner; proposing coding for new law in Minnesota Statutes, chapter 80C.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Kludt	O'Connor	Richter
Anderson, R.	Frederick	Knickerbocker	Ogren	Rodosovich
Battaglia	Frerichs	Knuth	Olsen, S.	Rose
Bauerly	Greenfield	Kostohryz	Olson, E.	Rukavina
Beard	Gruenes	Larsen	Olson, K.	Sarna
Begich	Gutknecht	Lasley	Omann	Schafer
Bennett	Hartle	Lieder	Onnen	Scheid
Bertram	Haukoos	Long	Orenstein	Schoenfeld
Bishop	Heap	Marsh	Osthoff	Schreiber
Blatz	Himle	McDonald	Otis	Seaberg
Brown	Hugoson	McEachern	Ozment	Segal
Burger	Jacobs	McKasy	Pappas	Shaver
Carlson, D.	Jaros	McLaughlin	Pauly	Simoneau
Carlson, L.	Jefferson	McPherson	Pelowski	Skoglund
Carruthers	Jennings	Milbert	Peterson	Solberg
Clark	Jensen	Miller	Poppenhagen	Sparby
Clausnitzer	Johnson, A.	Minne	Price	Stanius
Cooper	Johnson, R.	Morrison	Quinn	Steensma
Dauner	Johnson, V.	Murphy	Quist	Sviggum
DeBlieck	Kahn	Nelson, C.	Redalen	Swenson
Dempsey	Kelly	Nelson, D.	Reding	Thiede
Dille	Kelso	Nelson, K.	Rest	Tjornhom
Dorn	Kinkel	Neuenschwander	Rice	Tompkins

Trimble
Tunheim
Uphus

Valento
Vanasek
Vellenga

Voss
Wagenius
Waltman

Welle
Wenzel
Winter

Wynia
Spk. Norton

The bill was passed and its title agreed to.

H. F. No. 713, 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 1986, sections 1.135, subdivision 3; 8.31, subdivision 1; 13.43, subdivision 6; 14.02, subdivision 4; 15.61; 17.59, subdivision 5; 17A.04, subdivision 1; 28A.15, subdivision 4; 38.27, subdivision 3; 41A.05, subdivision 2; 48.13, subdivision 2; 48.26; 49.01, subdivision 3; 49.44; 60A.17, subdivision 12; 64B.18; 72A.41, subdivision 1; 79.38, subdivision 1; 84A.08; 97A.021, subdivision 2; 97A.065, subdivision 4; 97A.205; 97A.441, subdivision 5; 97A.445, subdivision 3; 97A.465, subdivision 4; 97A.501, subdivision 2; 97A.545, subdivision 4; 97B.315; 97B.921; 97B.925; 115A.07, subdivision 1; 115A.12, subdivision 1; 115A.14, subdivision 5; 115A.162; 116C.57, subdivision 3; 116E.03, subdivision 9; 116J.72; 120.17, subdivision 5a; 121.904, subdivisions 11a and 11b; 122.541, subdivision 2; 124.01, subdivision 1; 124.195, subdivisions 8 and 9; 124.2138, subdivisions 3 and 4; 124.32, subdivision 1c; 124.472; 126.39, subdivision 11; 136.44; 136A.04, subdivision 2; 136A.06; 136D.28, subdivision 2; 136D.89, subdivision 2; 147.09; 152.02, subdivision 12; 160.283, subdivision 1; 171.05, subdivision 3; 174.255, subdivisions 1 and 2; 174.29, subdivision 1; 176.83, subdivision 7; 177.24, subdivision 2; 179A.12, subdivision 1; 182.651, subdivision 18; 193.141, subdivision 2; 193.145, subdivision 2; 214.01, subdivision 3; 219.691; 219.692; 219.743; 219.755; 222.61; 241.31, subdivision 2; 243.24, subdivision 2; 246.51, subdivision 1; 246A.02; 246A.11, subdivision 1; 246A.12, subdivisions 1 and 7; 246A.13, subdivision 1; 250.05, subdivision 2; 256.12, subdivision 14; 256.462, subdivision 2; 256B.03, subdivision 2; 257.34, subdivision 1; 260.015, subdivision 3; 260.151, subdivision 1; 268.072, subdivision 6; 271.15; 273.13, subdivision 22; 275.125, subdivisions 6a, 8, and 11c; 278.06; 290.01, subdivision 20b; 295.34, subdivision 1; 296.14, subdivision 4; 297.03, subdivision 3; 297A.06; 297A.25, subdivision 10; 308.341; 317.03; 317.65, subdivision 6; 319A.03; 319A.05; 319A.12, subdivisions 1a and 2; 322A.70; 326.03, subdivision 2; 326.06; 327.18, subdivision 3; 327C.07, subdivision 3a; 349.2121, subdivision 3; 354.05, subdivision 2; 355.311, subdivision 1; 361.26, subdivision 2; 366.095, subdivision 1; 378.43, subdivision 1; 383A.404, subdivision 7; 383B.035, subdivision 1; 383B.237; 383C.76; 386.71; 393.13, subdivision 1; 412.381; 412.501; 447.42, subdivision 2; 453.53, subdivision 3; 458A.03, subdivision 8; 458C.17; 462.601; 462.605; 462A.04, subdivision 8; 462A.05, subdivision 18; 462A.20, subdivision 3; 462C.04, subdivision 2; 462C.12, subdivision 2; 471.467, subdivision 1; 471.74, subdivision 2; 471.993, subdivision 1; 471A.03, subdivision 2; 473.149, subdivision 4; 473.181, subdivision 3; 473.811, subdivisions 6, 7, 8, and 9; 473F.06; 473F.07, subdivision

1; 473F.09; 474A.09; 604.06; 609.53, subdivisions 1 and 1a; 609.687, subdivision 4; 611.14; 626A.05, subdivision 2; 645.02; amending Laws 1982, chapter 523, article 30, section 4, subdivision 1; and Laws 1986, chapter 399, article 1, section 17; repealing Minnesota Statutes 1986, sections 193.145, subdivision 3; and 325D.69, subdivision 1; repealing Laws 1986, chapter 463, section 3; and Laws 1986, First Special Session chapter 3, article 1, section 84.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Lieder	Ozment	Skoglund
Anderson, R.	Gruenes	Long	Pappas	Solberg
Battaglia	Gutknecht	Marsh	Pauly	Sparby
Bauerly	Hartle	McDonald	Pelowski	Stanius
Beard	Haukoos	McEachern	Peterson	Steensma
Begich	Heap	McKasy	Poppenhagen	Sviggum
Bennett	Himle	McLaughlin	Price	Swenson
Bertram	Hugoson	McPherson	Quinn	Thiede
Bishop	Jacobs	Milbert	Quist	Tjornhom
Blatz	Jaros	Miller	Redalen	Tompkins
Boo	Jefferson	Minne	Reding	Trimble
Brown	Jennings	Morrison	Rest	Tunheim
Burger	Jensen	Murphy	Rice	Uphus
Carlson, D.	Johnson, A.	Nelson, C.	Richter	Valento
Carlson, L.	Johnson, R.	Nelson, D.	Rodosovich	Vanasek
Carruthers	Johnson, V.	Nelson, K.	Rose	Vellenga
Clark	Kahn	Neuenschwander	Rukavina	Voss
Clausnitzer	Kelly	O'Connor	Sarna	Wagenius
Cooper	Kelso	Ogren	Schafer	Waltman
Dauner	Kinkel	Olsen, S.	Scheid	Welle
DeBlieck	Kludt	Olson, K.	Schoenfeld	Wenzel
Dempsey	Knickerbocker	Omann	Schreiber	Winter
Dorn	Knuth	Onnen	Seaberg	Wynia
Forsythe	Kostohryz	Orenstein	Segal	Spk. Norton
Frederick	Larsen	Osthoff	Shaver	
Frerichs	Lasley	Otis	Simoneau	

The bill was passed and its title agreed to.

S. F. No. 97, 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 1986, 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 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 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Hartle	McDonald	Pappas	Sparby
Battaglia	Haukoos	McEachern	Pauly	Stanisus
Bauerly	Heap	McKasy	Pelowski	Steensma
Beard	Himle	McLaughlin	Peterson	Svigum
Begich	Hugoson	McPherson	Price	Swenson
Bennett	Jacobs	Milbert	Quist	Thiede
Bertram	Jaros	Miller	Redalen	Tjornhom
Bishop	Jennings	Minne	Reding	Tompkins
Blatz	Jensen	Morrison	Rest	Trimble
Brown	Johnson, A.	Murphy	Rice	Tunheim
Burger	Johnson, R.	Nelson, C.	Richter	Uphus
Carlson, D.	Johnson, V.	Nelson, D.	Rodosovich	Valento
Carlson, L.	Kahn	Nelson, K.	Rose	Vanasek
Clark	Kelly	Neuenschwander	Rukavina	Vellenga
Clausnitzer	Kelso	O'Connor	Sarna	Voss
Cooper	Kinkel	Ogren	Schafer	Wagenius
Dauner	Kludt	Olsen, S.	Scheid	Waltman
DeBlicke	Knickerbocker	Olson, E.	Schoenfeld	Welle
Dempsey	Knuth	Olson, K.	Schreiber	Wenzel
Dille	Kostohryz	Omann	Seaberg	Winter
Dorn	Larsen	Onnen	Segal	Wynia
Forsythe	Lasley	Orenstein	Shaver	Spk. Norton
Frerichs	Lieder	Osthoff	Simoneau	
Gruenes	Long	Otis	Skoglund	
Gutknecht	Marsh	Ozment	Solberg	

The bill was passed and its title agreed to.

Jaros and Carlson, D., were excused at 3:30 p.m. Pappas was excused at 4:10 p.m. Reding was excused at 4:40 p.m.

GENERAL ORDERS

Pursuant to Rules of the House, the House resolved itself into the Committee of the Whole with Norton in the Chair for consideration of bills pending on General Orders of the day. Long presided during a portion of the meeting of the Committee of the Whole. After some time spent therein the Committee arose.

REPORT OF THE COMMITTEE OF THE WHOLE

The Speaker resumed the Chair, whereupon the following recommendations of the Committee were reported to the House:

H. F. Nos. 257, 294, 342, 354, 554, 603, 653, 721 and 735 were recommended to pass.

S. F. Nos. 306, 38, 117 and 245 were recommended to pass.

H. F. Nos. 269, 469, 189, 447 and 591 were recommended for progress.

H. F. Nos. 137 and 227 were recommended for progress retaining their places on General Orders.

H. F. No. 208 was recommended for progress until Friday, April 10, 1987.

H. F. No. 323, the first engrossment, was recommended for re-referral to the Committee on Appropriations with the following amendment offered by Blatz:

Page 4, after line 22, insert:

"Sec. 7. Laws 1985, chapter 299, section 40, as amended by Laws 1986, chapter 454, section 34, 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, 1987 1988."

Renumber the remaining sections

Amend the title as follows:

Page 1, line 7, after the semicolon insert "providing for certain permits;"

Page 1, line 11, delete "and" and before the period insert "; and Laws 1985, chapter 299, section 40, as amended by Laws 1986, chapter 454, section 34"

H. F. No. 660, the first engrossment, which it recommended to pass with the following amendment offered by Rice:

Page 2, line 30, after "individual" insert ", who is under investigation for activities involving gross misdemeanors or felonies,"

On the motion of Otis the report of the Committee of the Whole was adopted.

ROLL CALLS IN COMMITTEE OF THE WHOLE

Pursuant to rule 1.6, the following roll calls were taken in the Committee of the Whole:

Nelson, D., moved to amend H. F. No. 660, the first engrossment, as amended, as follows:

Page 2, line 32, delete "gross misdemeanors or"

In the Rice amendment delete "gross misdemeanors or"

The question was taken on the Nelson, D., amendment and the roll was called. There were 26 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Clark	Kludt	Nelson, D.	Rukavina	Voss
Dauner	Larsen	Ogren	Segal	Winter
Dorn	Long	Orenstein	Simoneau	
Greenfield	McLaughlin	Pelowski	Sparby	
Jefferson	Minne	Peterson	Steensma	
Kahn	Nelson, C.	Rice	Trimble	

Those who voted in the negative were:

Battaglia	Frederick	Lasley	Ozment	Solberg
Bauerly	Frerichs	Lieder	Pauly	Stanius
Beard	Gruenes	Marsh	Poppenhagen	Sviggum
Begich	Gutknecht	McDonald	Quinn	Swenson
Bennett	Hartle	McEachern	Quist	Thiede
Bertram	Haukoos	McKasy	Redalen	Tjornhom
Bishop	Heap	McPherson	Reding	Tompkins
Blatz	Himle	Milbert	Rest	Uphus
Boo	Hugoson	Miller	Richter	Valento
Brown	Jacobs	Morrison	Rose	Vellenga
Carlson, L.	Johnson, A.	Murphy	Sarna	Wagenius
Carruthers	Johnson, R.	Neuenschwander	Schafer	Waltman
Clausnitzer	Johnson, V.	O'Connor	Scheid	Welle
Cooper	Kelly	Olsen, S.	Schreiber	Wenzel
DeBlick	Kinkel	Olson, K.	Seaberg	
Dempsey	Knickerbocker	Omann	Shaver	
Dille	Kostohryz	Onnen	Skoglund	

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

The question was taken on the motion to recommend passage of H. F. No. 660, the first engrossment, as amended, and the roll was called. There were 90 yeas and 27 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Knickerbocker	Osthoff	Shaver
Battaglia	Frederick	Lieder	Otis	Skoglund
Beard	Frerichs	Marsh	Ozment	Solberg
Begich	Gruenes	McDonald	Pauly	Sparby
Bennett	Gutknecht	McKasy	Pelowski	Stanias
Bertram	Hartle	McPherson	Poppenhagen	Sviggum
Bishop	Haukoos	Milbert	Price	Swenson
Blatz	Heap	Miller	Quinn	Thiede
Boo	Himle	Minne	Quist	Tjornhom
Brown	Hugoson	Morrison	Reding	Tompkins
Carlson, L.	Jacobs	Murphy	Rest	Uphus
Carruthers	Jennings	Nelson, C.	Richter	Valento
Clausnitzer	Jensen	Neuenschwander	Rodosovich	Vellenga
Cooper	Johnson, R.	Olsen, S.	Rose	Wagenius
DeBlieck	Johnson, V.	Olson, E.	Schafer	Waltman
Dempsey	Kelly	Olson, K.	Scheid	Welle
Dille	Kelso	Omann	Schreiber	Wenzel
Dorn	Kinkel	Onnen	Seaberg	Winter

Those who voted in the negative were:

Bauerly	Kahn	Long	Orenstein	Steensma
Clark	Kludt	McEachern	Peterson	Trimble
Dauner	Knuth	McLaughlin	Rice	Voss
Greenfield	Kostohryz	Nelson, D.	Rukavina	
Jefferson	Larsen	O'Connor	Sarna	
Johnson, A.	Lasley	Ogren	Simoneau	

The motion prevailed.

MOTIONS AND RESOLUTIONS

Simoneau moved that the name of Gutknecht be added as an author on H. F. No. 26. The motion prevailed.

Skoglund moved that the name of Quist be added as an author on H. F. No. 29. The motion prevailed.

O'Connor moved that the name of Kelly be stricken and the name of Orenstein be added as chief author and the name of O'Connor be shown as second author on H. F. No. 285. The motion prevailed.

Seaberg moved that the name of Clark be added as an author on H. F. No. 336. The motion prevailed.

Kelso moved that the names of Wagenius and Otis be added as authors on H. F. No. 609. The motion prevailed.

Gruenes moved that the name of Dorn be added as an author on H. F. No. 668. The motion prevailed.

Welle moved that the name of Brown be shown as chief author and the name of Welle be shown as second author on H. F. No. 909. The motion prevailed.

Olson, E., moved that the name of Schafer be added as an author on H. F. No. 932. The motion prevailed.

Quinn moved that his name be stricken and the name of Rest be added as chief author on H. F. No. 1031. The motion prevailed.

Wagenius moved that the name of Blatz be stricken as an author on H. F. No. 1041. The motion prevailed.

Nelson, K., moved that the name of Rose be added as an author on H. F. No. 1087. The motion prevailed.

Kostohryz moved that the names of Riveness and Dorn be added as authors on H. F. No. 1103. The motion prevailed.

Tunheim moved that the name of Olson, E., be added as an author on H. F. No. 1123. The motion prevailed.

Wenzel moved that the names of Bauerly, Frederick, Omann and Bertram be added as authors on H. F. No. 1131. The motion prevailed.

Hartle moved that the name of Tjornhom be added as an author on H. F. No. 1167. The motion prevailed.

Schreiber moved that the names of Scheid and Haukoos be added as authors on H. F. No. 1190. The motion prevailed.

Clark moved that H. F. No. 1002 be recalled from the Committee on Health and Human Services and be re-referred to the Committee on Regulated Industries. The motion prevailed.

Olsen, S., moved that H. F. No. 478 be recalled from the Committee on Governmental Operations and be re-referred to the Committee on Judiciary. The motion prevailed.

Nelson, K., moved that H. F. No. 855 be recalled from the Committee on Higher Education and be re-referred to the Committee on Education. The motion prevailed.

Swenson, Dille, Hugoson, Richter and Thiede introduced:

House Concurrent Resolution No. 7, A House concurrent resolution prohibiting fundraising during the legislative session with certain exceptions.

The concurrent resolution was referred to the Committee on Rules and Legislative Administration.

McDonald and Redalen moved that the House conferees on H. F. No. 1 be discharged and that the Speaker reappoint the same five members on the part of the House, and that the Senate be requested to discharge the Senate conferees and that new Senate conferees be appointed.

A roll call was requested and properly seconded.

The question was taken on the McDonald and Redalen motion and the roll was called. There were 55 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frerichs	Marsh	Onnen	Seaberg
Bennett	Gruenes	McDonald	Ozment	Shaver
Bishop	Gutknecht	McEachern	Pauly	Stanisus
Blatz	Hartle	McKasy	Poppenhagen	Swiggum
Boo	Haukoos	McPherson	Quist	Swenson
Burger	Heap	Miller	Redalen	Thiede
Clausnitzer	Himle	Morrison	Richter	Tjornhom
Dempsey	Hugoson	O'Connor	Rose	Tompkins
Dille	Johnson, V.	Olsen, S.	Sarna	Uphus
Forsythe	Kludt	Olson, E.	Schafer	Valento
Frederick	Knickerbocker	Omann	Schreiber	Waltman

Those who voted in the negative were:

Anderson, G.	Greenfield	Lasley	Otis	Solberg
Battaglia	Jacobs	Lieder	Pelowski	Sparby
Bauerly	Jefferson	Long	Peterson	Steensma
Beard	Jennings	McLaughlin	Price	Trimble
Begich	Jensen	Milbert	Quinn	Tunheim
Bertram	Johnson, A.	Minne	Rest	Vanasek
Brown	Johnson, R.	Murphy	Rice	Voss
Carlson, L.	Kahn	Nelson, C.	Rodosovich	Wagenius
Carruthers	Kelly	Nelson, K.	Rukavina	Welle
Clark	Kelso	Neuenschwander	Scheid	Wenzel
Cooper	Kinkel	Ogren	Schoenfeld	Winter
Dauner	Knuth	Olson, K.	Segal	Spk. Norton
DeBlicke	Kostohryz	Orenstein	Simoneau	
Dorn	Larsen	Osthoff	Skoglund	

The motion did not prevail.

Schreiber moved that House Resolution No. 12 be recalled from the Committee on Ways and Means and be placed upon its immediate adoption.

A roll call was requested and properly seconded.

The question was taken on the Schreiber motion and the roll was called. There were 49 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Bennett	Frerichs	Marsh	Pauly	Stanis
Bishop	Gruenes	McDonald	Poppenhagen	Sviggum
Blatz	Gutknecht	McKasy	Quist	Swenson
Boo	Hartle	McPherson	Redalen	Thiede
Burger	Haukoos	Miller	Richter	Tjornhom
Clausnitzer	Heap	Morrison	Rose	Tompkins
Dempsey	Himle	Olsen, S.	Schafer	Uphus
Dille	Hugoson	Omann	Schreiber	Valento
Forsythe	Johnson, V.	Onnen	Seaberg	Waltman
Frederick	Knickerbocker	Ozment	Shaver	

Those who voted in the negative were:

Anderson, G.	Jefferson	McEachern	Pelowski	Steensma
Battaglia	Jennings	McLaughlin	Peterson	Trimble
Bauerly	Jensen	Milbert	Price	Tunheim
Beard	Johnson, A.	Minne	Quinn	Vanasek
Begich	Johnson, R.	Murphy	Rest	Vellenga
Bertram	Kahn	Nelson, C.	Rice	Voss
Brown	Kelly	Nelson, D.	Rodosovich	Wagenius
Carlson, L.	Kelso	Nelson, K.	Rukavina	Welle
Carruthers	Kinkel	Neuenschwander	Sarna	Wenzel
Clark	Kludt	O'Connor	Scheid	Winter
Cooper	Knuth	Ogren	Schoenfeld	Wynia
Dauner	Kostohryz	Olson, E.	Segal	Spk. Norton
DeBlieck	Larsen	Olson, K.	Simoneau	
Dorn	Lasley	Orenstein	Skoglund	
Greenfield	Lieder	Osthoff	Solberg	
Jacobs	Long	Otis	Sparby	

The motion did not prevail.

PROTEST AND DISSENT

Pursuant to Article IV, Section 11, of the Minnesota Constitution, we the undersigned members register our protest and dissent regarding the actions of Speaker of the House Fred Norton for obstructing Representative Marcus Marsh in his attempt to vote on H. F. No. 3 on Monday, March 23, 1987.

Representative Marcus Marsh was in the House Chamber when this vote was taken and repeatedly attempted to vote. Speaker Norton failed to recognize Representative Marsh as he was standing at his desk requesting to be recognized so that he could tell the Speaker his vote was not registering on the voting board.

While refusing to recognize Representative Marsh as he stood at his desk, Speaker Norton recognized the Majority Leader, who moved to excuse non-voting members. The motion prevailed and

Speaker Norton closed the voting board, still continuing his refusal to recognize Representative Marsh.

By refusing to recognize Representative Marsh, Speaker Norton not only violated Representative Marsh's right to vote under House Rule 2.5, but also denied Representative Marsh's constituents their right to be represented.

While this action constitutes one of the most arrogant abuses of the power of the Speaker this body has witnessed, it has been only one of many such experiences we have encountered since the 1987 session began.

We protest and dissent the flagrant abuse of the Speaker's powers in refusing to recognize Minority Caucus members in their attempt to vote on legislation, while at the same time recognizing members of the Majority Party for the same purposes.

No citizen of this state should be denied representation in the Minnesota House of Representatives by an arbitrary and arrogant Speaker of the House who refuses to permit members to vote solely on the basis of party affiliation.

The Speaker owes House members, as well as the citizens of Minnesota, an apology for his improper actions.

Signed:

Bill Schreiber
Marcus Marsh
Gary Schafer
Dean Hartle
Bob Waltman
Bob Haukoos
Donald J. Valento
Terry Dempsey
Eileen Tompkins
Tony Bennett
Jim Heap
Tony Onnen
Dennis Ozment
Elton Redalen
Bernie Omann
Brad Stanius
John Rose
Kathleen Blatz
Howard Miller
Chris Tjornhom
Virgil Johnson
Sylvester Uphus
Steve Dille

Connie Morrison
Mary Forsythe
Don Richter
Gene Hugoson
Ben Boo
Doug Swenson
Jerry Knickerbocker
Harriet McPherson
Sal Frederick
Dennis J. Poppenhagen
Gil Gutknecht
Steve Sviggum
Paul Thiede
K. J. McDonald
Bert McKasy
Sid Pauly
John Burger
David B. Gruenes
Doug Carlson
Allen Quist
John Himle
Art Seaberg

ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, March 30, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Monday, March 30, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

