

STATE OF MINNESOTA

SEVENTY-FIFTH SESSION—1987

FORTY-FIRST DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 1, 1987

The House of Representatives convened at 12:00 noon and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by the Reverend Dr. Merlyn Satrom, Grace Lutheran Church, St. Paul, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Onnen was excused until 1:00 p.m. Anderson, R., was excused until 3:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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. 894, 1022, 275, 373, 1076, 1111, 65, 1002, 1203, 1265, 1283, 1350, 1343, 1562, 1008, 1222, 1417 and 283 and S. F. Nos. 473, 184 and 557 have been placed in the members' files.

S. F. No. 593 and H. F. No. 1222, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Greenfield moved that the rules be so far suspended that S. F. No. 593 be substituted for H. F. No. 1222 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Kostohryz from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 236, A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1986, sections 123.015; 200.015; 201.275; 204C.04; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1986, chapter 210A.

Reported the same back with the following amendments:

Page 4, line 7, delete "\$250" and insert "\$500"

Page 11, after line 35, insert:

"Sec. 6. [211B.055] [EDITORIAL MATERIAL.]

Unpaid material published in a newspaper, magazine, or other publication that is designed to influence the outcome of an election or the passage or defeat of a bill in the state legislature must be clearly identified as editorial material by placing it on an editorial page or by printing next to the material the words: "This material is the editorial opinion of this publication."

Renumber the sections in sequence

Page 13, line 33, delete "6" and insert "7"

Page 15, line 3, delete "14" and insert "15"

Page 20, line 4, delete "the purpose of campaigning" and insert "political purposes"

With the recommendation that when so amended the bill pass.

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 243, A bill for an act relating to human services; authorizing a change in license fees that fund educational programs for resident and family advisory councils; appropriating money; amending Minnesota Statutes 1986, section 144A.33, subdivision 3, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HUMAN SERVICES, CORRECTIONS, HEALTH; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1987," "1988," and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

SUMMARY BY FUND

	1987	1988	1989	TOTAL
General	\$1,919,400	\$1,088,344,600	\$1,135,864,800	\$2,226,128,800
Special Revenue	\$	3,620,100	\$ 3,639,100	\$ 7,259,200
Public Health Fund	\$	3,420,400	\$ 3,419,300	\$ 6,839,700
Metropolitan Landfill	\$	140,100	\$ 140,100	\$ 280,200
Trunk Highway	\$	536,000	\$ 535,400	\$ 1,071,400
Total	\$1,919,400	\$1,096,061,200	\$1,143,598,700	\$2,241,579,300

APPROPRIATIONS
Available for the Year
Ending June 30,
1988 1989

Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation \$928,601,400 \$978,242,800

The amounts that may be spent from this appropriation for each program and activity are more specifically described in the following subdivisions.

Federal money received in excess of the estimates shown in the 1987 department of human services budget document reduces the state appropriation by the amount of the excess receipts, unless otherwise directed by the governor, after consulting with the legislative advisory commission.

Positions and administrative money may be transferred within the department of human services as the commissioner considers necessary, with the advance approval of the commissioner of finance.

1988

1989

\$

\$

Estimates of federal money that will be earned by the various accounts of the department of human services and deposited in the general fund are detailed on the worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance. If federal money anticipated is less than that shown on the official worksheets, the commissioner of finance shall reduce the amount available from the direct appropriation a corresponding amount. The reductions must be noted in the budget document submitted to the 76th legislature in addition to an estimate of similar federal money anticipated for the 1989-1991 biennium.

The commissioner of human services is authorized to use up to \$180,000 from the revolving account created by Minnesota Statutes, section 256.01, subdivision 2, paragraph (15), for the purposes of maximizing collections of federal Title IV-E funds through automation of the administrative functions associated with the licensing of foster care and family day care homes.

The information system project appropriations shall be deposited in the special systems account according to the provisions of Minnesota Statutes, section 256.014 and, except for development costs under the Child Support Enforcement Project, are not available until September 1, 1987.

Funds appropriated to computer projects may be transferred from one project to another as the commissioner considers necessary.

	1988	1989
	\$	\$

The commissioner shall report quarterly to the chair of the senate finance committee and the chair of the house of representatives appropriation committee detailing the progress made, the nature and amount of expenditures made, and future development plans. On January 1 of each year the commissioner must also report to the legislature under the provisions of Minnesota Statutes, section 256.014, subdivision 3, on the steps taken to integrate these projects with the information systems architecture of the state.

The unexpended appropriation for these projects remaining in the first year do not cancel but are available in the second year of the biennium.

Subd. 2. Human Services Management	7,710,200	7,724,100
Subd. 3. Policy and Program Support Services	4,171,700	4,320,300
Subd. 4. Community Social Services	73,234,000	66,659,700

The commissioner may use money from available social service appropriations to pay appropriate administrative and training costs associated with child foster care programs to maximize federal reimbursement under title IV-E of the social security act, United States Code, title 42, sections 670 to 676. State money may be used for this purpose only if the money is replaced by other federal or state money so that there is no reduction or delay in payments for any of the programs involved. Notwithstanding any other law, transfers must be disregarded when applying the formula for allocation of state social service money and must not cause a reduction in the total amount of money available to grantees.

	1988	1989
	\$	\$
Of this appropriation, \$48,199,300 the first year and \$40,969,400 the second year are for community social services subsidies.		

Of the amount appropriated to the day care sliding fee program, \$121,700 is allocated each year of the biennium to the migrant day care program.

\$447,400 is allocated for each year of the biennium ending June 30, 1989, from the federal title XX allocation to the migrant day care program.

Any unexpended balance of the fiscal year 1988 appropriation for the subsidized adoption program shall not cancel, but shall be available for fiscal year 1989.

Notwithstanding the criteria in Minnesota Rules, part 9525.0960, subpart 3, for the biennium ending June 30, 1989, the commissioner shall use semi-independent living services funding for new persons first to reduce the number of inappropriate nursing home placements and then to provide alternative community services to those recipients in intermediate care facilities for the mentally retarded or waived services who are no longer eligible for those services. This provision supercedes any inconsistent provision of Minnesota Statutes, section 252.275 or any other law.

1988

1989

\$

\$

By January 15, 1988, the commissioner of human services shall report to the chairs of the health and human services committee in the senate and the house of representatives on information systems needed to support improved accountability from the general fund and monitoring for county social service expenditures. The report shall include but not be limited to: the identification of minimum data elements required for federal compliance purposes; an inventory and description of current social services data collection activities; an assessment of specific data elements needed to monitor major state social services policy goals; an analysis of any difficulties imposed by data collection by target population; and opportunities for improving the reliability and accuracy of data submitted by counties. The commissioner shall also make recommendations for future technical improvements and identify any needed strategies for transition from current reporting mechanisms to systems with better reliability, timeliness, and county participation.

Funds appropriated to the foster grandparent, retired senior volunteer, and senior companion programs may be transferred among the programs as the commissioner considers necessary.

The commissioner shall review social services programs offered and proposed to be offered to senior citizens including but not limited to the foster grandparent, retired senior volunteer, and senior companion programs. The commissioner shall prepare a report as follows: (1) outlining the purposes, funding, target populations, and counties served by each program; (2) identifying areas of overlap among the programs; and (3) examining alternatives that would allow flexibility in design and delivery of programs for senior citizens. The com-

	1988	1989
missioner shall present the report to the legislature by January 1, 1988.	\$	\$

Subd. 5. Mental Health	15,826,700	43,367,200
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The \$50,000 appropriated for the study of Alzheimer's disease in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 6c is available until expended. The transfer of funds from the commissioner of human services to the commissioner of health shall continue to pay St. Paul Ramsey Medical Center for the autopsies. St. Paul Ramsey Medical Center is responsible for reimbursing Minnesota physicians and pathologists for their services and other expenses related to the removal, transportation, and storage of decedents' brains.

\$25,000 of the money appropriated to the department of human services for mental health program administration shall be used to fund the study and report to the legislature on issues related to involuntary outpatient commitment.

Subd. 6. Income Maintenance	609,967,200	647,013,600
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Notwithstanding any other law, money appropriated for income maintenance programs must not be transferred for other purposes except as allowed in this subdivision, subdivision 1, or section 12.

1988

1989

\$

\$

Of the \$243,400 appropriated to administer prepaid health plans, \$100,000 in fiscal year 1988 and \$100,000 in fiscal year 1989 are to be used to fund three new staff positions in the department of human services. \$43,400 in fiscal year 1988 is to be used to fund five temporary positions in the department of human services. If the temporary staff members are not needed until fiscal year 1989, the \$43,400 does not cancel and is available to be used in fiscal year 1989.

\$2,500,000 is available for each year of the biennium for case management services to caretakers in priority groups receiving aid to families with dependent children. The unencumbered balance remaining at the end of the first year does not cancel but is available for the second year of the biennium.

\$5,694,800 is appropriated to the Children's Health Fund. The staff complement of the department of human services is increased by five positions to administer the Children's Health Fund.

Of this amount, \$25,000 is appropriated for the purpose of training welfare fraud prosecutors, \$25,000 is appropriated for the purpose of training welfare fraud investigators, and \$80,000 is appropriated for the purpose of staffing and equipping the fraud training and control function.

The staff complement of the department of human services is increased by one position in order to carry out duties formerly assigned to the coordinator of full productivity and opportunity.

The amounts that may be spent from this appropriation for each activity are as follows:

	1988	1989
(a) Aid to Families with Dependent Children, General Assistance, Work Readiness, Minnesota Supplemental Assistance	\$	\$
	\$147,156,400	\$147,443,900

\$1,900,000 is appropriated for fiscal year 1987 to fund the deficiency in the work readiness account.

If the appropriation for aid to families with dependent children, general assistance, work readiness, and Minnesota supplemental assistance is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

During the biennium ending June 30, 1989, the commissioner of human services shall provide supplementary grants not to exceed \$816,800 a year for aid to families with dependent children and include the following costs in determining the amount of the supplementary grants: major home repairs; repair of major home appliances; utility recaps; supplementary dietary needs not covered by medical assistance; replacement of essential household furnishings and essential major appliances; and employment-related transportation and educational expenses. Of this amount, \$616,800 is for employment-related transportation and educational expenses.

If receipts under Minnesota Statutes 1986, section 287.12, exceed the state share of aid to families with dependent children grants, the excess amount must be paid to the department of human services.

1988

1989

\$

\$

Notwithstanding any law to the contrary, when federal money is available to match state money, the commissioner of human services may transfer to the special needs account of the aid to families with dependent children program any part of the appropriation for day care sliding fee services, Minnesota Statutes, section 245.84, provided to persons or families who are receiving aid to families with dependent children payments. Federal money received during the biennium for child care services under this rider is appropriated to the commissioner of human services for day care sliding fee services.

The commissioner of human services shall set the standard of assistance for general assistance or work readiness assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at \$203.

(b) Medical Assistance and General Assistance Medical Care

\$413,873,500 \$447,225,500

If the appropriation for medical assistance and general assistance medical care is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

Federal money received during the biennium for administration of the home and community-based services waiver for persons with mental retardation is appropriated to the commissioner of human services for administration of the home and community-based services program and must be deposited in that activity's account.

1988

1989

\$

\$

For medical assistance services rendered on or after July 1, 1987, payments to medical assistance vendors for physician services, dental care, vision care, podiatric services, chiropractic care, physical therapy, occupational therapy, speech pathologists, audiologists, mental health centers, psychologists, public health clinics, and independent laboratory and X-ray services shall be based on payments in effect on June 30, 1987, and shall be reduced by five percent. This percentage reduction shall not apply to prenatal care and delivery services.

\$40,000 of the first year's appropriation is for a special study to develop recommendations to implement an alternative payment mechanism to reimburse hospitals for inpatient mental health services. A proposal or proposals must be presented to the legislature before February 1, 1988.

The commissioner of human services shall contract for a study that includes quality assurance evaluations and medical record audits of prepaid health plans under contract to the commissioner to provide medical assistance services. Federal money received during the biennium to fund this project is appropriated to the commissioner. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Notwithstanding any other law to the contrary, \$7,100,000 of the appropriation contained in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 5, does not cancel but shall be available during fiscal year 1988 to pay medical assistance costs of acute care hospital outlier charges incurred prior to July 1, 1987.

	1988	1989
The maximum pharmacy dispensing fee under medical assistance and general assistance medical care shall be \$4.	\$	\$

The provision in Laws of 1985, First Special Session, chapter 9, article 1, section 2, subdivision 5, relating to a phase-out of the rateable reductions in the general assistance medical care program is repealed. \$6,100,000 of the surplus remaining in medical assistance and general assistance medical care at the end of fiscal year 1987 does not cancel but is available for fiscal year 1988.

Any person for whom a fund raising effort has taken place to obtain the money necessary for a liver transplant, shall not have that amount counted as a resource or asset for the purpose of determining continued eligibility under medical assistance so long as the funds have been placed in a trust account and the amount raised does not exceed the actual cost of the transplant operation, hospitalization, and after care.

Notwithstanding the allocation provisions of Minnesota Statutes, section 254B.02, and until such time as the federal waiver required to be applied for by Minnesota Statutes, section 254B.08 is obtained, the department shall withhold sufficient funds from the consolidated chemical dependency treatment fund, established pursuant to Minnesota Statutes, chapter 254B, to pay the state share of chemical dependency treatment services provided after July 1, 1987, through the medical assistance program.

(c) Preadmission Screening and Alternative Care Grants

\$16,696,700	\$18,763,500
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	1988	1989
	\$	\$
(d) Other Income Maintenance Activities		
\$32,240,600	\$33,580,700	
Subd. 7. Long-Term Care Manage- ment	4,795,100	4,910,000
Subd. 8. Chemical Dependency, Hearing Impaired, and Protection Ser- vices	28,419,000	31,331,300

The entire sum of the money made available to the state as a result of Public Law Number 99-570, title 4, subtitle A, section 4002, of the federal Alcohol and Drug Abuse Amendments of 1986, must be deposited in the chemical dependency fund.

The commissioner shall prepare a report to the chairs of the human services division of house appropriations and the health and human services subcommittee of senate finance containing details concerning the provision of chemical dependency services by regional treatment centers, including utilization rates, staffing levels, costs incurred and rates charged. The commissioner shall deliver the report before February 1, 1988.

\$100,000 of the money appropriated each year for services to deaf persons shall be for grants for specialized mental health services for deaf and multiple-handicapped deaf persons at St. Paul-Ramsey Medical Center.

Subd. 9. Reimbursement and Facilities Administration

The amounts that may be spent from this appropriation for each activity are as follows:

	1988	1989
	\$	\$
(a) Regional Treatment Centers		
Approved Complement		
June 30, 1988	June 30, 1989	
4,569.0	4,342.0	
(1) Salaries		
\$142,422,900	\$134,813,600	
(2) Current Expense		
\$ 13,347,100	\$ 13,343,200	
(3) Repairs and Betterments		
\$ 1,772,300	\$ 1,772,300	
(4) Special Equipment		
\$ 680,100		

Any unencumbered balances in special equipment and repairs and betterments remaining in the first year do not cancel but are available for the second year of the biennium.

The commissioner of human services shall consolidate both program and support functions at each of the regional centers and state nursing homes to ensure efficient and effective space utilization which is consistent with applicable licensing and certification standards. Surplus buildings shall be reported to the commissioner of administration for appropriate disposition in accordance with Minnesota Statutes, section 16B.24.

For the biennium ending June 30, 1989, \$2,000,000 must be retained in a financial reserve account for use by the commissioner to support regional treatment center chemical dependency programs. Funds in this account that are unexpended on June 1, 1989, must be deposited in the chemical dependency fund established under Minnesota Statutes, chapter 254B.

	1988	1989
	\$	\$
<p>329 staff positions related to the provision of chemical dependency services in the regional treatment centers and funded by general fund appropriations are transferred to each regional treatment center's chemical dependency account established under Minnesota Statutes, section 246.18, subdivision 3.</p>		

The commissioner shall operate the pilot projects established under Laws of Minnesota 1985, chapter 9, article 1, subdivision 6(a)(1), within the limits of available appropriations.

State operated community-based service positions shall not be counted for position reduction purposes. These positions shall remain part of the authorized complement.

Any unexpended balance remaining in the regional treatment center fuel and utilities appropriations for fiscal year 1987 is reappropriated for the biennium ending June 30, 1989, to be used as follows: \$225,000 to replace a boiler at Oak Terrace Nursing Home; \$180,000 for the purpose of conducting reimbursement projects to increase collections and better manage client programs in the regional treatment centers; and up to \$450,000 for department computer charges incurred in fiscal year 1987.

(b) Nursing Homes

Approved Complement - 605.5

(1) Salaries

\$17,029,000	\$16,973,400
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(2) Current Expense

\$ 2,250,500	\$ 2,267,300
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(3) Repairs and Betterments

\$ 432,300	\$ 232,300
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(4) Special Equipment

\$ 73,900	
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	1988	1989
	\$	\$
(c) Other Reimbursement and Facilities Administration Activities		
\$ 6,469,400	\$ 3,514,500	

For the child support enforcement activity, during the biennium ending June 30, 1989, money received from the counties for providing data processing services must be deposited in that activity's account. The money is appropriated to the commissioner of human services for the purposes of the child support enforcement activity.

Sec. 3. OFFICE OF FULL PRODUCTIVITY AND OPPORTUNITY	153,200	0
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Sec. 4. COMMISSIONER OF JOBS AND TRAINING

Subdivision 1. Total Appropriation	30,102,200	27,830,800
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The amounts that may be spent from this appropriation for each program are more specifically described in the following subdivisions.

Subd. 2. Employment and Training	
\$ 7,097,300	\$ 5,613,300

Of this appropriation, \$3,500,000 the first year and \$3,500,000 the second year are for Minnesota employment and economic development wage subsidies. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium. To the extent permissible under federal and state law, the commissioner shall use money available from the federal government and the private sector to fund the program.

	1988	1989
	\$	\$
<p>Notwithstanding any other law to the contrary, the commissioner may spend up to one percent of the appropriation for employment programs for each fiscal year for the department's administrative costs and for program operators' administrative costs.</p>		

Of the money appropriated for the summer youth employment program for fiscal year 1988, \$750,000 is immediately available. If that amount is insufficient for the costs incurred, an additional amount may be transferred with the advance approval of the commissioner of finance. Any unexpended balance of the immediately available money is available for the year in which it is appropriated. Contracts for the calendar year 1987 program must be written for the entire period of the calendar year 1987 program.

The commissioner of jobs and training shall develop, in consultation with the commissioners of education, human services, and natural resources, a coordinated plan for enhanced youth education, employment, and service opportunities. This plan shall consider the current programming of the Minnesota conservation corps, the Minnesota youth program, the summer youth employment and training program, community and secondary vocational education, and other appropriate programs in designing a coordinated cost-effective model which would enlarge opportunities for youth. The plan should also recommend a model for coordinated funding. The commissioners shall report to the appropriate committees of the legislature by January 1, 1988.

1988

1989

\$

\$

In the event the federal work incentive program is ended before June 30, 1989, any remaining funds appropriated from the general fund to the department of human services to operate the work incentive program shall transfer to the Minnesota employment and economic development wage subsidy program in the department of jobs and training. This transfer is in addition to funds appropriated to the wage subsidy program for the biennium.

The staff complement of the department of jobs and training is increased by two positions in order to carry out duties formerly assigned to the coordinator of full productivity and opportunity.

Subd. 3. Rehabilitation Services

\$20,583,500 \$20,497,100

Any unexpended balance remaining in the first year does not cancel and is available for the second year.

Subd. 4. Community Services

\$ 2,421,400 \$ 1,720,400

Of this appropriation, \$400,000 the first year and \$400,000 the second year are to provide for the local storage, transportation, processing, and distribution of United States Department of Agriculture surplus commodities. The department of jobs and training shall report on the surplus commodities program to the state legislature by January 15 of each year.

1988

1989

\$

\$

Notwithstanding any law to the contrary, for the biennium ending June 30, 1989, the commissioner of jobs and training shall transfer to the community services block grant program ten percent of the money received under the low-income home energy assistance block grant in each year of the biennium and shall expend all of the transferred money during the year of the transfer or the year following the transfer. None of the transferred money may be used by the commissioner of jobs and training for administrative costs.

Twenty-five percent of the funds transferred by the commissioner of jobs and training from the low-income home energy assistance block grant to the community services block grant shall be used to supplement the federal funding of Project Head Start for children from low-income families. Notwithstanding any law to the contrary, these transferred funds shall be allocated through the existing Project Head Start formula to existing Project Head Start grantees for the purpose of expanding services to additional low-income families. The transferred funds shall be expended according to the federal regulations governing Project Head Start, including Code of Federal Regulations, title 45, sections 1302 through 1305. Each local Project Head Start shall expend the supplemental funds during the year of their receipt or the year following their receipt. Up to two percent of the supplemental funds may be used by the commissioner of jobs and training for administrative costs.

The commissioner of jobs and training shall prepare an annual report to the legislature describing the uses and impacts of the Project Head Start supplemental funding. The first annual report shall be delivered to the appropriate committees of the legislature on January 1 following the first full school

1988

1989

\$

\$

year for which supplemental funding is available.

Notwithstanding any law to the contrary, for the biennium ending June 30, 1989, the commissioner of jobs and training shall shift to the low-income home weatherization program at least five percent of money received under the low-income home energy assistance block grant in each year of the biennium and shall expend all of the transferred funds during the year of the transfer or the year following the transfer. None of the transferred money may be used by the commissioner of jobs and training for administrative costs.

Notwithstanding any law to the contrary, for the biennium ending June 30, 1989, no more than 1.11 percent of funds received under the total low-income home energy assistance program may be used by the commissioner of jobs and training for administrative costs.

To the extent allowable under federal regulations, the commissioner of jobs and training shall ensure that the income eligibility criteria established by the federal government for the low-income home energy assistance program apply also to the low-income home weatherization program.

The commissioner of the department of jobs and training shall allocate all discretionary funds from the community services block grant (regular), the community services block grant (supplement), and all other discretionary funds resulting from all other block grant transfers to the community services block grant only to state-designated and state-recognized community action agencies, Indian reservations and the Minnesota migrant council. None of these funds may be used by the commissioner of jobs and training for administrative purposes.

	1988	1989
	\$	\$

In the event that the federal office of community services does not recognize the Olmsted and Freeborn county community action agencies as eligible entities for full funding, the commissioner of jobs and training shall maintain and provide such full funding as would otherwise be allocated to Olmsted and Freeborn county community action agencies from community services block grants (regular), community services block grants (supplement), and any other block grant transfers.

The commissioner of the department of jobs and training shall by January 1, 1988, provide to the house appropriations committee, and to the house appropriations division of health and human services, a written plan describing how the DJT's division of community services will issue one contract for human service programs, with the community action agencies, the Indian reservations, and the Minnesota migrant council, including but not limited to, the community services block grant program, the low-income home weatherization program, the low-income energy assistance program, the USDA Surplus Commodities Program, and all other programs for which the division has contractual responsibility.

Sec. 5. COMMISSIONER OF CORRECTIONS

Subdivision 1. Appropriation by Fund

General Fund	98,104,400	98,069,200
Special Revenue Fund	126,500	126,500

	1988	1989
	\$	\$

The amounts that may be spent from the appropriation for each program and activity are more specifically described in the following subdivisions.

Positions and administrative money may be transferred within the department of corrections as the commissioner considers necessary, upon the advance approval of the commissioner of finance.

For the biennium ending June 30, 1989, the commissioner of corrections may, with the approval of the commissioner of finance and upon notification of the chairs of the health and human services divisions of the house appropriations committee and the senate finance committee, transfer funds to or from salaries.

Any unencumbered balances within this section remaining in the first year shall not cancel but are available for the second year of the biennium.

Subd. 2. Management Services	3,672,900	3,685,800
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Subd. 3. Community Services	23,213,900	24,901,900
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Of this appropriation, \$13,329,500 the first year and \$15,329,500 the second year are for community corrections act subsidies.

Salaries for probation officers of community corrections act jurisdictions shall be commensurate with the salaries paid to comparable positions in the classified service of the state civil service.

	1988	1989
\$50,000 from the general fund is to provide a state match for county funds used by the Hennepin county department of community services to establish a juvenile residential facility as defined in Minnesota Rules, part 2935.0100, subpart 13, in Hennepin county. The facility shall be used exclusively as a residential placement for American Indian juveniles who are referred for placement by the juvenile court or the commissioner of corrections. Money appropriated under this section may be used to acquire a facility, provide equipment and furnishings for the facility, employ staff, and make modifications necessary to meet the licensing standards of the commissioner under Minnesota Rules, chapter 2935.	\$	\$

Notwithstanding any other law to the contrary, the commissioner of finance shall deposit in the special revenue account receipts from the provision of juvenile probation services to Lincoln, Lyon, and Faribault counties. These receipts are appropriated to fund battered women grants for the biennium ending June 30, 1989.

There is appropriated for fiscal year 1987, \$19,400 from the general fund for probation and supervised release.

Subd. 4. Correctional Institutions	71,217,600	69,481,500
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(a) Salaries		
	\$52,119,400	\$51,947,400

(b) Current Expense		
	\$12,253,400	\$12,253,900

(c) Repairs and Betterments		
	\$ 2,516,200	\$ 964,400

	1988	1989
	\$	\$
For the biennium ending June 30, 1989, the commissioner of corrections may reallocate repair and betterment funds among projects as the commissioner determines necessary.		

(d) Special Equipment

\$ 342,000	\$ 334,500
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(e) Institution Support

\$ 3,986,600	\$ 3,981,300
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The commissioner of corrections may enter into agreements with the appropriate Alaskan officials, or officials of any state, political subdivision, or the United States, for housing prisoners in Minnesota correctional facilities. Money received pursuant to such contracts is appropriated to the commissioner of corrections for correctional purposes.

Sec. 6. SENTENCING GUIDELINES COMMISSION

	198,000	201,100
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Sec. 7. CORRECTIONS OMBUDSMAN

	331,900	331,500
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Sec. 8. COMMISSIONER OF HEALTH**Subdivision 1. Appropriation by Fund**

General Fund	30,853,500	31,189,400
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Public Health Fund	3,420,400	3,419,300
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Trunk Highway Fund	536,000	535,400
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Metropolitan Landfill Contingency Fund	140,100	140,100
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The amounts that may be spent from this appropriation for each program and activity are more specifically described in the following subdivisions.

	1988	1989
	\$	\$
Positions and administrative money may be transferred within the department of health as the commissioner considers necessary, with the advance approval of the commissioner of finance.		
Subd. 2. Preventive and Protective Health Services		
General Fund	7,393,500	7,675,800
Public Health Fund	1,727,200	1,726,800
Metropolitan Landfill Contingency Fund	140,100	140,100

Of this general fund appropriation \$50,000 from the general fund in 1988 is to pay the St. Paul Ramsey Medical Center for autopsies for the purposes of Laws 1985, First Special Session chapter 9, article 2, sections 14, 15, and 91, except that payments may be made to physicians and pathologists statewide for their services and expenses related to the removal, transportation and storage of decedents' brains. The number of autopsies that may be performed is limited only by the amount of the appropriation. The appropriation is available until expended.

Notwithstanding any law to the contrary, the commissioner of health shall charge a fee of at least \$5 for medical laboratory services.

The commissioner of health may charge a fee for voluntary certification of medical laboratories and environmental laboratories. The fee may be established without complying with Minnesota Statutes, chapter 14.

	1988	1989
	\$	\$
<p>The commissioner of health may charge fees for environmental and medical laboratory services in amounts approximately equal to the costs of providing the services. The fees may be established without complying with Minnesota Statutes, chapter 14.</p>		

\$740,000 is available the second year to administer the cancer surveillance system and the provisions of article 2, sections 7 to 10.

Subd. 3. Health Delivery Systems

General Fund	20,399,600	20,392,900
Public Health Fund	1,693,200	1,692,500
Trunk Highway Fund	536,000	535,400

Of this appropriation, \$11,828,200 from the general fund each year is for the community health services subsidy.

\$100,000 from the general fund each year is to supplement and be expended consistent with the federal Women, Infants, and Children (WIC) program.

For the purposes of the community health services subsidy, the commissioner of finance may authorize the transfer of money to the community health services activity from the other programs in this section.

If the appropriation for community health services or services to children with handicaps is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

	1988	1989
	\$	\$
Notwithstanding any law to the contrary, appropriations from the general fund for services to children with handicaps for fiscal years 1987, 1988, and 1989 are available until expended and may be used in the maternal and child health activity for grants, staff and supplies consistent with section 9, page 37 of the governor's 1987-1989 biennial budget document. All receipts generated by the services to children with handicaps program are to be deposited as dedicated receipts and appropriated to the commissioner of health for use in the maternal and child health program.		

The commissioner of health shall establish a pilot project in one county through the community health agency to coordinate prenatal and maternal and child health funds and programs to improve parenting skills.

Subd. 4. Health Support Services

General Fund	3,060,400	3,120,700
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Sec. 9. HAZARDOUS SUBSTANCE INJURY COMPENSATION BOARD

The \$2,000,000 appropriated to the Hazardous Substance Injury Compensation Board in Laws 1985, First Special Session, chapter 8, section 18 is available until expended.

Sec. 10. HEALTH-RELATED BOARDS

Subdivision 1. Total for this section	3,493,600	3,512,600
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The appropriations in this section are from the special revenue fund.

Subd. 2. Board of Chiropractic Examiners	152,200	140,200
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Subd. 3. Board of Dentistry	317,100	317,400
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	1988	1989
	\$	\$
Subd. 4. Board of Medical Examiners	1,323,100	1,353,000
<p>The board of medical examiners shall establish fees for individuals licensed or registered by it at a level which nearly equals the board's appropriation, general support costs, indirect costs, and attorney general costs. The fees shall be set in accordance with the procedure established by Minnesota Statutes, section 16A.128, subdivision 2a, in effect on August 1, 1984.</p>		
Subd. 5. Board of Nursing	867,100	867,700
<p>Notwithstanding any law to the contrary, the board of nursing may supplement its appropriation by receipts from the board of podiatry for services provided to the board of podiatry.</p>		
Subd. 6. Board of Examiners for Nursing Home Administrators	131,900	132,000
Subd. 7. Board of Optometry	46,900	47,000
Subd. 8. Board of Pharmacy	405,300	405,500
Subd. 9. Board of Podiatry	9,600	9,600
Subd. 10. Board of Psychology	160,300	160,100
Subd. 11. Board of Veterinary Medicine	80,100	80,100
Subd. 12. Revenue		

The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account, if the amount transferred does not exceed the amount of surplus revenue accumulated by the transferee during the previous five years.

	1988	1989
Subd. 13. Attorney General Services	\$	\$

Notwithstanding any law to the contrary, in the event the office of the attorney general does not provide legal and investigative services to the health-related licensing boards in either fiscal year 1988 or fiscal year 1989 in an amount at least equal to the services provided in fiscal year 1986, the boards are authorized to contract with the office of the attorney general for such services in amounts not to exceed fee revenues for the year affected.

Sec. 11. BUDGET BOOK FORMAT

Notwithstanding Minnesota Statutes, section 16A.11, the commissioner of finance shall consult with and seek the recommendations of the chair of the house appropriations committee and the chair of the senate finance committee and their respective division chairs prior to adopting a format for the 1989-1991 biennial budget document. The commissioner of finance shall not adopt a format for the 1989-1991 biennial budget document until the commissioner has received the positive recommendations of the chair of the house appropriations committee and the chair of the senate finance committee.

Sec. 12. FEDERAL RECEIPTS

For the biennium ending June 30, 1989, federal receipts as shown in the biennial budget document or in working papers of the two appropriations committees to be used for financing activities, programs, and projects under the supervision and jurisdiction of the commissioner of human services must be accredited to and become a part of the appropriations provided for in section 2.

1988

1989

\$

\$

Sec. 13. PROVISIONS

For the biennium ending June 30, 1989, money appropriated to the commissioner of corrections and the commissioner of human services in this act for the purchase of provisions within the item "current expense" must be used solely for that purpose. Money provided and not used for purchase of provisions must be canceled into the fund from which appropriated, except that money provided and not used for the purchase of provisions because of population decreases may be transferred and used for the purchase of medical and hospital supplies with the approval of the governor after consulting with the legislative advisory commission.

The allowance for food may be adjusted annually according to the United States department of labor, bureau of labor statistics publication, producer price index, with the approval of the commissioner of finance. Adjustments for fiscal year 1988 and fiscal year 1989 must be based on the June 1987, and June 1988, producer price index respectively, but the adjustment must be prorated if the wholesale food price index adjustment would require money in excess of this appropriation.

Sec. 14. TRANSFERS OF MONEY

Subdivision 1. Governor's Approval
Required

1988

1989

\$

\$

For the biennium ending June 30, 1989, the commissioner of human services, the commissioner of corrections, the commissioner of jobs and training, and the commissioner of health shall not transfer money to or from the object of expenditure "personal services" to or from the object of expenditure "claims and grants," as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, except for services for the blind and for those transfers that have the written approval of the governor after consulting with the legislative advisory commission.

Subd. 2. Transfers of Unencumbered Appropriations

For the biennium ending June 30, 1989, the commissioners of human services, corrections, and health by direction of the governor after consulting with the legislative advisory commission may transfer unencumbered appropriation balances and positions among all programs.

Sec. 15. APPROVED COMPLEMENT

For the biennium ending June 30, 1989, the approved complements indicated in this act are full-time equivalent positions and apply only to positions paid for with money appropriated by this act.

Additional employees over the approved complement may be employed on the basis of public necessity or emergency with the written approval of the governor, but the governor shall not approve the additional personnel until he has consulted with the legislative advisory commission. Requests for in-

	1988	1989
	\$	\$

creases in the approved complement must be forwarded to the appropriate committees on appropriations and finance of the legislature at least 30 days before the legislative advisory commission meeting.

Sec. 16. [EFFECTIVE DATE.]

The appropriations allocated for the fiscal year ending June 30, 1987, are effective the day following final enactment.

ARTICLE 2

INCOME MAINTENANCE AND HEALTH CARE PROGRAMS

Section 1. Minnesota Statutes 1986, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Salary Range Effective July 1, 1983
Commissioner of education;	\$57,500-\$70,000
Commissioner of finance;	
Commissioner of transportation;	
Commissioner of human services;	
Executive director, state board of investment;	
Commissioner of administration;	\$50,000-\$60,000
Commissioner of agriculture;	
Commissioner of commerce;	
Commissioner of corrections;	
Commissioner of jobs and training;	
Commissioner of employee relations;	
Commissioner of energy and economic development;	
Commissioner of health;	
Commissioner of labor and industry;	
Commissioner of natural resources;	

Commissioner of revenue;
Commissioner of public safety;
Chair, waste management board;
Chief administrative law judge; office of
administrative hearings;
Director, pollution control agency;
Director, state planning agency;
Executive director, housing finance agency;
Executive director, public employees
retirement association;
Executive director, teacher's retirement
association;
Executive director, state retirement system;
Chair, metropolitan council;
Chair, regional transit board;
Coordinator of full productivity and
opportunity;
Commissioner of human rights; \$40,000-\$52,500
Director, department of public service;
Commissioner of veterans' affairs;
Director, bureau of mediation services;
Commissioner, public utilities commission;
Member, transportation regulation board.

Sec. 2. [62D.211] [RENEWAL FEE.]

Each health maintenance organization subject to sections 62D.01 to 62D.29 shall submit to the commissioner of health each year before April 1 a certificate of authority renewal fee in the amount of 31 cents per person enrolled in the health maintenance organization on December 31 of the preceding year. The commissioner may adjust the renewal fee in rule under the provisions of chapter 14.

Sec. 3. Minnesota Statutes 1986, section 86.33, subdivision 2, is amended to read:

Subd. 2. [PROJECT COORDINATION.] The commissioner of natural resources shall consult with the full productivity and opportunity coordinator and develop a plan that establishes: a priority for unemployed youths who are economically, socially, physically, or educationally disadvantaged; the ways in which participants will be assisted in gaining ongoing employment or training upon completing the projects; the ways in which exclusive bargaining representatives are to be consulted in regard to the positions and job duties of persons employed in projects; and how the projects are coordinated with other publicly authorized or subsidized programs.

The commissioner shall submit the plan to the full productivity and opportunity coordinator in each even-numbered year, according to standards established by the coordinator for use in developing a biennial statewide employment and training plan.

Sec. 4. Minnesota Statutes 1986, section 86.33, subdivision 3, is amended to read:

Subd. 3. ~~[REPORTING; CORPS MEMBER STATUS; FEES.]~~ The commissioner of natural resources shall cooperate with the full productivity and opportunity coordinator in developing and implementing any evaluation and reporting systems for employment and training programs. All camp staff except camp directors in the young adult program are corps members. Corps members are not eligible for unemployment compensation or other benefits except workers' compensation, and they are not employees of the state of Minnesota within the meaning of section 43A.02, subdivision 21. The commissioner may charge a fee for any service performed by the corps.

Sec. 5. Minnesota Statutes 1986, section 136C.06, is amended to read:

136C.06 [SOLE STATE AGENCY.]

The state board of vocational technical education is the sole state agency to receive and disburse federal funds authorized by the Vocational Education Act of 1963, as amended in the education amendments of 1976, Public Law Number 94-482, and Code of Federal Regulations, title 34, part 400. The state board shall develop and submit the state plan for vocational technical education. The state board shall develop the state plan according to terms of agreement with the state board of education. Before developing and submitting the state plan, the state board shall consult with the full productivity and opportunity coordinator. The state board shall submit the state plan to the full productivity and opportunity coordinator for use in developing a biennial statewide employment and training plan.

Sec. 6. Minnesota Statutes 1986, section 144.55, subdivision 6, is amended to read:

Subd. 6. [SUSPENSION, REVOCATION, AND REFUSAL TO RENEW.] (a) The commissioner may refuse to grant or renew, or may suspend or revoke, a license on any of the following grounds:

(1) Violation of any of the provisions of sections 144.50 to 144.56 or the rules or standards issued pursuant thereto;

(2) Permitting, aiding, or abetting the commission of any illegal act in the institution;

(3) Conduct or practices detrimental to the welfare of the patient;
or

(4) Obtaining or attempting to obtain a license by fraud or misrepresentation.

(b) The commissioner shall not renew a license for a boarding care bed in a resident room with more than four beds.

Sec. 7. [144.671] [CANCER SURVEILLANCE SYSTEM; PURPOSE.]

The commissioner of health shall establish a statewide population-based cancer surveillance system. The purpose of this system is to:

(1) monitor incidence trends of cancer to detect potential public health problems, predict risks, and assist in investigating cancer clusters;

(2) more accurately target intervention resources for communities and patients and their families;

(3) inform health professionals and citizens about risks, early detection, and treatment of cancers known to be elevated in their communities; and

(4) promote high quality research to provide better information for cancer control and to address public concerns and questions about cancer.

Sec. 8. [144.672] [DUTIES OF COMMISSIONER; RULES.]

Subdivision 1. [RULE AUTHORITY.] The commissioner of health shall collect cancer incidence information, analyze the information, and conduct special studies designed to determine the potential public health significance of an increase in cancer incidence.

The commissioner shall adopt rules to administer the system, collect information, and distribute data. The rules must include, but not be limited to, the following:

(1) the type of data to be reported;

(2) standards for reporting specific types of data;

(3) payments allowed to hospitals, pathologists, and registry systems to defray their costs in providing information to the system;

(4) criteria relating to contracts made with outside entities to conduct studies using data collected by the system. The criteria may include requirements for a written protocol outlining the purpose and public benefit of the study, the description, methods, and projected results of the study, peer review by other scientists, the methods and facilities to protect the privacy of the data, and the qualifications of the researcher proposing to undertake the study;

(5) specification of fees to be charged under section 13.03, subdivision 3, for all out-of-pocket expenses for data summaries or specific analyses of data requested by public and private agencies, organizations, and individuals, and which are not otherwise included in the commissioner's annual summary reports. Fees collected are appropriated to the commissioner to offset the cost of providing the data; and

(6) establishment of a committee to assist the commissioner in the review of system activities.

Subd. 2. [BIANNUAL REPORT REQUIRED.] The commissioner of health shall prepare and transmit to the governor and to members of the legislature a biannual report on the incidence of cancer in Minnesota and a compilation of summaries and reports from special studies and investigations performed to determine the potential public health significance of an increase in cancer incidence, together with any findings and recommendations. The first report shall be delivered by February 1989, with subsequent reports due in February of each of the following odd-numbered years.

Sec. 9. Minnesota Statutes 1986, section 144.68, is amended to read:

144.68 [RECORDS AND REPORTS REQUIRED.]

Subdivision 1. [PERSON PRACTICING HEALING ARTS.] Every person licensed to practice the healing arts in any form, upon request of the state commissioner of health, shall prepare and forward to the commissioner, in the manner and at such times as the commissioner designates, a detailed record of each case of malignant disease cancer treated or seen by the person professionally.

Subd. 2. [HOSPITALS AND SIMILAR INSTITUTIONS.] Every hospital, ~~sanatorium, nursing home~~ medical clinic, medical laboratory, or other institution for the hospitalization, ~~clinical or laboratory diagnosis,~~ or care of human beings, upon request of the state commissioner of health, shall prepare and forward to the commissioner, in the manner and at the times designated by the commissioner, a detailed record of each case of ~~malignant disease~~ cancer having been ~~therein~~ cancer.

Subd. 3. [INFORMATION REPORTING WITHOUT LIABILITY.]
The furnishing of the information required under subdivisions 1 and 2 shall not subject the person, hospital, sanatorium, nursing home medical clinic, medical laboratory, or other place institution furnishing the information, to any action for damages or other relief.

Sec. 10. Minnesota Statutes 1986, section 144.69, is amended to read:

144.69 [INFORMATION NOT AVAILABLE TO THE PUBLIC CLASSIFICATION OF DATA ON INDIVIDUALS.]

No such report, or part thereof, nor any copy of the same or part thereof, shall be open to the public, nor shall any of the contents thereof be disclosed, in any manner, by any official or clerk or other employee or person having access thereto, but all such information Notwithstanding any law to the contrary, including section 13.05, subdivision 9, data collected on individuals by the cancer surveillance system, including the names and personal identifiers of persons required in section 144.68 to report, shall be confidential private and may only be used for the purposes set forth in sections 144.66 to 7 and 8 and 144.68 and 144.69. And any such disclosure other than is provided for in sections 144.66 to 7 and 8 and 144.68 and 144.69, is hereby declared to be a misdemeanor and punishable as such. No Except as provided by rule, and as part of an epidemiologic investigation, an officer or employee of the board shall commissioner of health may interview any patient patients named in any such report, nor a relative or relatives of any such patient, unless only after the consent of the attending physician and or surgeon is first obtained.

Sec. 11. Minnesota Statutes 1986, section 144A.05, is amended to read:

144A.05 [LICENSE RENEWAL.]

Unless the license expires in accordance with section 144A.06 or is suspended or revoked in accordance with section 144A.11, a nursing home license shall remain effective for a period of one year from the date of its issuance. The commissioner of health by rule shall establish forms and procedures for the processing of license renewals. The commissioner of health shall approve a license renewal application if the facility continues to satisfy the requirements, standards and conditions prescribed by sections 144A.01 to 144A.17 and the rules promulgated thereunder. The commissioner shall not approve the renewal of a license for a nursing home bed in a resident room with more than four beds. Except as provided in section 144A.08, a facility shall not be required to submit with each application for a license renewal additional copies of the architectural and engineering plans and specifications of the facility. Before approving a license renewal, the commissioner of health shall

determine that the facility's most recent balance sheet and its most recent statement of revenues and expenses, as audited by the state auditor, by a certified public accountant licensed by this state or by a public accountant as defined in section 412.222, have been received by the department of human services.

Sec. 12. Minnesota Statutes 1986, section 144A.071, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] The commissioner of health, in coordination with the commissioner of human services, may approve the addition of a new certified bed or the addition of a new licensed nursing home bed, under the following conditions:

(a) to replace a bed decertified after May 23, 1983 or to address an extreme hardship situation, in a particular county that, together with all contiguous Minnesota counties, has fewer nursing home beds per 1,000 elderly than the number that is ten percent higher than the national average of nursing home beds per 1,000 elderly individuals. For the purposes of this section, the national average of nursing home beds shall be the most recent figure that can be supplied by the federal health care financing administration and the number of elderly in the county or the nation shall be determined by the most recent federal census or the most recent estimate of the state demographer as of July 1, of each year of persons age 65 and older, whichever is the most recent at the time of the request for replacement. In allowing replacement of a decertified bed, the commissioners shall ensure that the number of added or recertified beds does not exceed the total number of decertified beds in the state in that level of care. An extreme hardship situation can only be found after the county documents the existence of unmet medical needs that cannot be addressed by any other alternatives;

(b) to certify a new bed in a facility that commenced construction before May 23, 1983. For the purposes of this section, "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were secured;

(c) to certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home proves to the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes;

(d) to license a new nursing home bed in a facility that meets one of the exceptions contained in clauses (a) to (c);

(e) to license nursing home beds in a facility that has submitted either a completed licensure application or a written request for licensure to the commissioner before March 1, 1985, and has either commenced any required construction as defined in clause (b) before May 1, 1985, or has, before May 1, 1985, received from the commissioner approval of plans for phased-in construction and written authorization to begin construction on a phased-in basis. For the purpose of this clause, "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules; or

(f) to certify or license new beds in a new facility that is to be operated by the commissioner of veterans' affairs or when the costs of constructing and operating the new beds are to be reimbursed by the commissioner of veterans' affairs or the United States Veterans Administration;

(g) to license or certify beds in a new facility constructed to replace a facility that was destroyed after June 30, 1987, by fire, lightning, or other hazard provided:

(1) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(2) at the time the facility was destroyed the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(3) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility;

(4) the new facility is constructed on the same site as the destroyed facility or to another site subject to the restrictions in section 13, subdivision 5; and

(5) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility;

(h) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever

is less, if the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the remodeling or renovation;

(i) to license or certify beds in a facility that has been involuntarily delicensed or decertified for participation in the medical assistance program, provided that an application for relicensure or recertification is submitted to the commissioner within 120 days after delicensure or decertification;

(j) to license or certify beds in a project approved by the interagency board for quality assurance under section 13;

(k) to license or certify nursing home beds in a hospital facility that are relocated from a different hospital facility provided:

(1) the hospital in which the nursing home beds were originally located ceases to function as an acute care facility; or

(2) necessary support services for nursing homes as required for licensure under sections 144A.02 to 144A.10, such as dietary, physical plant, housekeeping, physical therapy, occupational therapy, and administration, are no longer available from the original hospital site; and

(3) the hospitals share common ownership or affiliation; and

(4) the nursing home beds are not certified for participation in the medical assistance program; or

(l) to license or certify beds that are moved from one location to another within an existing identifiable complex of hospital buildings or from a hospital-attached nursing home to the hospital building or from a separate nursing home under common ownership with or control of a hospital to the hospital when a hospital-attached nursing home is moved simultaneously to that hospital if the facility will make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation and will delicense the same number of acute care beds within the existing complex of hospital buildings or building or within the hospital receiving the nursing home beds. Movement of these nursing home beds is subject to the limitations of section 13, subdivision 5. When a nonhospital-attached nursing home and a hospital-attached nursing home under common ownership or control are combined into one hospital building, a combined cost report must be submitted for the cost reporting years ending on or after September 30, 1987, and shall be subject to the nonhospital-attached nursing home rate limitations.

Sec. 13. [144A.073] [REVIEW OF PROPOSALS REQUIRING EXCEPTIONS TO THE MORATORIUM.]

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

(a) "Conversion" means the relocation of a nursing home bed from a nursing home to an attached hospital.

(b) "Renovation" means extensive remodeling of, or construction of an addition to, a facility on an existing site with a total cost exceeding ten percent of the appraised value of the facility or \$200,000, whichever is less.

(c) "Replacement" means the demolition and reconstruction of all or part of an existing facility.

(d) "Upgrading" means a change in the level of licensure of a bed from a boarding care bed to a nursing home bed, in a certified boarding care facility that is attached to a nursing home.

Subd. 2. [REQUEST FOR PROPOSALS.] By July 1, 1988, and subsequent years, the interagency board shall publish in the State Register a request for proposals for nursing home projects requiring exceptions to the nursing home moratorium. The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency board by September 30. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the notice for that year must state that proposals will not be requested because no appropriations were made. To be considered for approval, a proposal must include the following information:

(1) whether the request is for renovation, replacement, upgrading, or conversion;

(2) a description of the problem the project is designed to address;

(3) a description of the proposed project;

(4) an analysis of projected costs, including initial construction and remodeling costs, site preparation costs, financing costs, and estimated operating costs during the first two years after completion of the project;

(5) for proposals involving replacement of all or part of a facility, the proposed location of the replacement facility and an estimate of the cost of addressing the problem through renovation;

(6) for proposals involving renovation, an estimate of the cost of addressing the problem through replacement; and

(7) the proposed timetable for commencing construction and completing the project.

Subd. 3. [REVIEW AND APPROVAL OF PROPOSALS.] Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency board for quality assurance may grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section. The interagency board shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the board. The commissioners of human services and health shall provide staff and technical assistance to the board for the review and analysis of proposals. The interagency board shall hold a public hearing before making a final decision on project approvals. The board shall approve or disapprove proposals before December 1 based on a comparison and ranking of proposals using the criteria in subdivision 4. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires seven months after approval unless the facility has commenced construction as defined in section 144A.071, subdivision 3, paragraph (b). The board shall report to the legislature annually by January 1. The report must include the projects approved, the criteria used to select proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling, and the estimated operating costs during the first two years after the project is completed.

Subd. 4. [CRITERIA FOR REVIEW.] (a) The following criteria must be used to compare and rank all proposals submitted:

(1) the extent to which the average occupancy rate of the facility supports the need for the proposed project;

(2) the extent to which the average occupancy rate of all facilities in the county in which the applicant is located, together with all contiguous Minnesota counties, supports the need for the proposed project;

(3) the extent to which the proposal furthers state long-term care goals, including the goal of enhancing the availability and use of alternative care services and the goal of reducing the number of long-term care resident rooms with more than two beds;

(4) the cost effectiveness of the proposal, including the proposal's long-term effects on the costs of the medical assistance program, as determined by the commissioner of human services; and

(5) the feasibility and appropriateness of the proposal, as determined by the commissioner of health.

(b) In addition to the criteria in paragraph (a), the following criteria must be used to evaluate, compare, and rank proposals involving renovation or replacement:

(1) the extent to which the project improves conditions that affect the health or safety of residents, such as narrow corridors, narrow door frames, unenclosed fire exits, and wood frame construction;

(2) the extent to which the project improves conditions that affect the quality of life of residents in a facility or the ability of the facility to provide efficient care, such as a relatively high number of residents in a room; inadequate lighting or ventilation; poor access to bathing or toilet facilities; a lack of available ancillary space for dining rooms, day rooms, or rooms used for other activities; problems relating to heating, cooling, or energy efficiency; inefficient location of nursing stations; or narrow corridors.

Subd 5. [REPLACEMENT RESTRICTIONS.] Proposals submitted or approved under this section involving replacement must provide for replacement of the facility on the existing site except as allowed in this subdivision. Facilities located in a metropolitan statistical area may relocate to a site within the same census tract or a contiguous census tract. In the seven-county metropolitan area, the health planning areas as adopted in March 1982 by the metropolitan council shall be used. Facilities located outside a metropolitan statistical area may relocate to a site within the same city or township, or within a contiguous township. A replacement facility must not be relocated to a site more than six miles from the existing site.

Subd. 6. [CONVERSION RESTRICTIONS.] Proposals submitted or approved under this section involving conversion must satisfy the following conditions:

(a) Conversion is limited to a total of five beds.

(b) An equivalent number of hospital beds must be delicensed.

(c) The average occupancy rate in the existing nursing home beds must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(d) The cost of remodeling the hospital rooms to meet current nursing home construction standards must not exceed ten percent of the appraised value of the nursing home or \$200,000, whichever is less.

(e) The conversion must not result in an increase in operating costs.

Subd. 7. [UPGRADING RESTRICTIONS.] Proposals submitted or approved under this section involving upgrading must satisfy the following conditions:

(a) No proposal for upgrading may be approved after June 30, 1989.

(b) No more than one proposal for upgrading may be approved for a facility.

(c) Upgrading is limited to a total of ten beds.

(d) The facility must meet minimum nursing home care standards.

(e) Upgrading must not result in an increase in per diem operating costs.

(f) If beds are upgraded to nursing home beds, the number of boarding care beds in a facility must not increase in the future.

(g) The average occupancy rate in the existing nursing home beds must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(h) The cost of remodeling the facility to meet current nursing home construction standards must not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less.

Subd. 8. [RULEMAKING.] The interagency board shall adopt rules to implement this section.

Sec. 14. Minnesota Statutes 1986, section 144A.27, is amended to read:

144A.27 [ACTING ADMINISTRATORS.]

If a licensed nursing home administrator is removed from the position by death or other unexpected cause, the controlling persons of the nursing home suffering the removal may designate an acting nursing home administrator who may serve without a license for no more than 90 days, unless an extension is granted by the board of examiners shall secure an acting administrators license within 30 days of appointment as the acting administrator.

Sec. 15. Minnesota Statutes 1986, section 144A.33, subdivision 3, is amended to read:

Subd. 3. [FUNDING OF ADVISORY COUNCIL EDUCATION.] A license application or renewal fee for nursing homes and boarding care homes under section 144.53 or 144A.07 must be increased by ~~\$1.75~~ \$2.25 per bed to fund the development and education of resident and family advisory councils.

All money credited to the nursing home advisory council fund under subdivision 4 is appropriated annually to the Minnesota board on aging for the purposes of this section.

Sec. 16. Minnesota Statutes 1986, section 171.29, subdivision 2, is amended to read:

Subd. 2. (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a \$30 fee before the person's drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a ~~\$150~~ \$200 fee before the person's drivers license is reinstated to be credited as follows:

(1) ~~50~~ 25 percent shall be credited to the trunk highway fund;

(2) ~~25~~ 50 percent shall be credited to a separate account to be known as the county probation reimbursement account. Money in this account is appropriated to the commissioner of corrections for the costs that counties assume under Laws 1959, chapter 698, of providing probation and parole services to wards of the commissioner of corrections. This money is provided in addition to any money which the counties currently receive under section 260.311, subdivision 5; and

(3) 25 percent shall be credited to a separate account to be known as the alcohol impaired driver education account. Money in the account is appropriated to the commissioner of education for grants to develop alcohol impaired driver education programs in elementary, secondary, and post-secondary schools. The state board of education shall establish guidelines for the distribution of the grants. The commissioner of education shall report to the legislature by January 15, 1988, on the expenditure of grant funds under this clause.

Sec. 17. [245.775] [EQUALIZATION AID.]

Subdivision 1. [TERMS DEFINED.] As used in subdivisions 1 to 6, the terms defined in this section have the meanings given them.

(a) [RECIPIENT RATE.] "Recipient rate" means the number of individual income maintenance program recipients per 10,000 peo-

ple in a county during the calendar year ending immediately before the fiscal year for which equalization aid is paid.

(b) [PER CAPITA INCOME.] "Per capita income" means the estimate of income per person in a county most recently published by the United States Bureau of the Census on October 1 of the fiscal year for which equalization aid is paid.

(c) [PER CAPITA TAXABLE VALUE.] "Per capita taxable value" means the adjusted assessed value of taxable property within a county reported by the department of revenue for the calendar year ending immediately before the fiscal year, divided by the population of the county. The adjusted assessed value of taxable property in counties receiving taconite production tax revenue shall be increased by an amount equal to the taconite regular production tax revenue divided by the county's mill rate.

(d) [COUNTY INCOME MAINTENANCE EXPENDITURES.] "County income maintenance expenditures" means the income maintenance program expenditures, including administrative costs, of a county for income maintenance programs, minus federal, state, and other revenue received for income maintenance programs during the calendar year ending immediately before the fiscal year for which equalization aid is paid.

(e) [PER CAPITA COUNTY INCOME MAINTENANCE EXPENDITURES.] "Per capita county income maintenance expenditures" means county income maintenance expenditures divided by the population of the county.

(f) [INCOME MAINTENANCE PROGRAMS.] "Income maintenance programs" include, for equalization aid purposes, aid to families with dependent children, general assistance, general assistance medical care, work readiness, and medical assistance.

(g) [POPULATION.] "Population" means the estimate of population in a county most recently issued by the state demographer's office on October 1 of the fiscal year for which equalization aid is paid.

Subd. 2. [COUNTY ELIGIBILITY.] The commissioner of human services shall establish a county's eligibility for equalization aid using the following formula:

(a) A statewide standard deviation from the mean shall be calculated for each of the following factors: recipient rate, per capita income, per capita taxable value, and per capita income maintenance expenditures.

(b) A standard score shall be calculated for each factor; the standard score is the factor minus the state mean for that factor divided by the statewide standard deviation from the mean for that factor.

(c) The standard score for per capita income and per capita taxable value shall be multiplied by negative one.

(d) The county's average score of the standard scores of the four factors shall be computed.

Every county with an average score equal to one or higher shall be eligible for equalization aid.

Subd. 3. [AMOUNT OF EQUALIZATION AID.] The commissioner shall establish a distress indicator for each county eligible for equalization aid by multiplying the county's average standard score by its population. Equalization aid shall be allocated to all eligible counties in proportion to each eligible county's distress indicator.

Subd. 4. [PHASE-IN.] Notwithstanding the provisions of subdivisions 2 and 3, the commissioner of human services shall make minimum equalization aid payments to counties during fiscal years 1988 and 1989 as follows:

(a) A base amount equal to the average amount of equalization aid received for fiscal years 1981 to 1986 shall be calculated for every county.

(b) If the appropriation for equalization aid during fiscal year 1988 or 1989 is less than the average of all equalization aid appropriations for fiscal years 1981 to 1986, the base amount for each county shall be reduced by that proportion for that fiscal year.

(c) In fiscal year 1988, each county shall receive 100 percent of its base amount within the limit of available appropriations. In fiscal year 1989, each county shall receive 90 percent of its base amount within the limit of available appropriations.

Subd. 5. [LIMIT.] No county shall receive equalization aid for any fiscal year amounting to more than 75 percent of county income maintenance expenditures.

Subd. 6. [PAYMENT.] The commissioner of human services shall make preliminary payments for equalization aid for a fiscal year by December 15th of the fiscal year. The commissioner shall adjust each county's equalization aid in accordance with the allocation formula established in subdivision 3 and make final payments by June 30 of the fiscal year.

Sec. 18. Minnesota Statutes 1986, section 246.50, subdivision 3, is amended to read:

Subd. 3. [REGIONAL TREATMENT CENTER.] "State hospital" "Regional treatment center" means a state facility for treating persons with mental illness, mental retardation, or chemical dependency now existing or hereafter established.

Sec. 19. Minnesota Statutes 1986, section 246.50, is amended by adding a subdivision to read:

Subd. 3a. [STATE NURSING HOME.] "State nursing home" means Ah-Gwah-Ching and Oak Terrace facilities.

Sec. 20. Minnesota Statutes 1986, section 246.50, subdivision 4a, is amended to read:

Subd. 4a. [RESIDENT.] "Resident" means any mentally retarded person receiving care or treatment at a state hospital regional treatment center, whether the person entered such hospital voluntarily or under commitment, and any person residing at or receiving care in a state nursing home.

Sec. 21. Minnesota Statutes 1986, section 246.50, subdivision 5, is amended to read:

Subd. 5. [COST OF CARE.] "Cost of care" means the commissioner's determination of the anticipated average per capita cost of all maintenance, treatment and expense, including depreciation of buildings and equipment, interest paid on bonds issued for capital improvements to state hospitals facilities, and indirect costs related to the operation other than that paid from the Minnesota state building fund, at all of the state hospitals facilities during the current year for which billing is being made. The commissioner shall determine the anticipated average per capita cost. The commissioner may establish one all inclusive rate or separate rates for each patient or resident disability group, and may establish separate charges for each hospital facility. "Cost of care" for outpatient or day-care patients or residents shall be on a cost for service basis under a schedule the commissioner shall establish.

For purposes of this subdivision "resident patient" means a person who occupies a bed while housed in a hospital state facility for observation, care, diagnosis, or treatment.

For purposes of this subdivision "outpatient" or "day-care" patient or resident means a person who makes use of diagnostic, therapeutic, counseling, or other service in a state hospital facility or through state hospital personnel but does not occupy a hospital bed overnight.

For the purposes of collecting from the federal government for the care of those patients eligible for medical care under the Social Security Act "cost of care" shall be determined as set forth in the rules and regulations of the Department of Health and Human Services or its successor agency.

Sec. 22. Minnesota Statutes 1986, section 246.50, subdivision 7, is amended to read:

Subd. 7. [PATIENT'S OR RESIDENT'S COUNTY.] "Patient's or resident's county" means the county of the patient's or resident's legal settlement for poor relief purposes at the time of commitment or voluntary admission to a state ~~hospital~~ facility, or if the patient or resident has no such legal settlement in this state, it means the county of commitment, except that where a patient or resident with no such legal settlement is committed while serving a sentence at a penal institution, it means the county from which the patient or resident was sentenced.

Sec. 23. Minnesota Statutes 1986, section 246.51, is amended to read:

246.51 [PAYMENT FOR CARE AND TREATMENT; DETERMINATION.]

Subdivision 1. [PROCEDURES.] The commissioner shall make investigation as necessary to determine, and as circumstances require redetermine, what part of the cost of care, if any, the patient or resident is able to pay. If the patient or resident is unable to pay the full cost of care the commissioner shall make a determination as to the ability of the relatives to pay. The patient ~~or~~ resident, and relatives ~~or both~~ shall provide the commissioner documents and proofs necessary to determine their ability to pay. Failure to provide the commissioner with sufficient information to determine ability to pay may make the patient, resident, or relatives, ~~both~~, liable for the full cost of care until the time when sufficient information is provided. No parent shall be liable for the cost of care given a patient at a regional treatment center after the patient has reached the age of 18 years. The commissioner's determination shall be conclusive in any action to enforce payment of the cost of care unless appealed from as provided in section 246.55. All money received, except for chemical dependency receipts, shall be paid to the state treasurer and placed in the general fund of the state and a separate account kept of it. Responsibility under this section shall not apply to those relatives having gross earnings of less than \$11,000 per year.

Subd. 2. [RULES.] The commissioner shall adopt, pursuant to the administrative procedure act, rules establishing uniform standards for determination of patient liability and relative, guardian or conservator responsibility for care provided at state ~~hospitals~~ facilities. These rules shall have the force and effect of law.

Sec. 24. Minnesota Statutes 1986, section 246.511, is amended to read:

246.511 [RELATIVE RESPONSIBILITY.]

In no case, shall a patient's or resident's relatives, pursuant to the commissioner's authority under section 246.51, be ordered to pay more than ten percent of the cost of care, unless they reside outside the state. Parents of children in state hospitals facilities shall have their responsibility to pay determined according to section 252.27, subdivision 2. The commissioner may accept voluntary payments in excess of ten percent. The commissioner may require full payment of the full per capita cost of care in state hospitals facilities for patients or residents whose parent, parents, spouse, guardian, or conservator do not reside in Minnesota.

Sec. 25. [246.531] [SUBROGATION OF INSURANCE SETTLEMENTS.]

Subdivision 1. [SUBROGATION TO PATIENT'S RIGHTS.] The department of human services shall be subrogated, to the extent of the cost of care for services given, to the rights a patient or resident who receives treatment or care at a state facility may have under private health care coverage. The right of subrogation does not attach to benefits paid or provided under private health care coverage before the carrier issuing the health care coverage receives written notice of the exercise of subrogation rights.

Subd. 2. [CIVIL ACTION.] To recover under this section, the department of human services, with counsel of the attorney general, may institute or join in a civil action against the carrier issuing the private health care coverage.

Sec. 26. Minnesota Statutes 1986, section 251.011, subdivision 6, is amended to read:

Subd. 6. [RULES.] The commissioner of human services may promulgate rules for the operation of, and for the admission of residents in, and to establish charges for care in the state nursing homes at Ah-Gwah-Ching and Oak Terrace. Charges for care in the state nursing homes shall be established under sections 246.50 to 246.55. For the purposes of collecting from the federal government for the care of those residents in the state nursing homes eligible for medical care under the Social Security Act, "cost of care" shall be determined as set forth in the rules and regulations of the department of health and human services or its successor agency.

Sec. 27. Minnesota Statutes 1986, section 252.275, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM.] The commissioner of human services shall establish a statewide program to assist counties in reducing the utilization of intermediate care services in state hospitals and in community residential facilities, including nursing homes, for persons with mental retardation or related conditions. The commissioner shall make grants to county boards to establish, operate, or contract for the provision of semi-independent living services licensed by the commissioner pursuant to sections 245.781 to 245.812 and 252.28.

Sec. 28. Minnesota Statutes 1986, section 252.275, subdivision 2, is amended to read:

Subd. 2. [APPLICATION; CRITERIA.] To apply for a grant, a county board shall submit an application and budget for use of grant money in the form specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets or portions thereof are approved by the commissioner.

Sec. 29. Minnesota Statutes 1986, section 252.275, subdivision 4, is amended to read:

Subd. 4. [FORMULA.] From the appropriations made available for this program, the commissioner shall allocate grants under this section to finance up to 95 percent, but not less than 80 percent, of each county's cost approved budget for semi-independent living services for mentally retarded persons with mental retardation or related conditions. The commissioner shall not approve budgeted costs for services for any person which exceed the state share of the average medical assistance costs for services provided by intermediate care facilities for a person with mental retardation or a related condition for the same fiscal year. Nothing in this subdivision prevents a county from using other funds to pay for additional costs of semi-independent living services.

As of July 1, 1987, the commissioner shall allocate funds and reimburse county costs for persons approved for funding. The commissioner shall proportionally allocate funds to counties based on the approved budgeted costs for persons approved for funding. The commissioner shall adjust county grants based on actual approved expenditures and shall reallocate funds to the extent necessary. The commissioner may set aside up to two percent of the appropriations to fund county demonstration projects that improve the efficiency and effectiveness of semi-independent living services.

Sec. 30. Minnesota Statutes 1986, section 252.275, subdivision 7, is amended to read:

Subd. 7. [REPORTS.] The commissioner shall require collection of data and periodic reports necessary to demonstrate the effectiveness of semi-independent living services in helping persons with mental

retardation or related conditions achieve self-sufficiency and independence. The commissioner shall report to the legislature no later than January 15, 1984, on the effectiveness of the program, its effect on reducing the number of persons with mental retardation or related conditions in state hospitals and in intermediate care facilities, and the commissioner's recommendations regarding making this program an integral part of the social services programs administered by the counties.

Sec. 31. Minnesota Statutes 1986, section 256.01, subdivision 4, is amended to read:

Subd. 4. [DUTIES AS STATE AGENCY.] The state agency shall:

(1) supervise the administration of assistance to dependent children under Laws 1937, chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

(2) may subpoena witnesses and administer oaths, make rules, and take such action as may be necessary, or desirable for carrying out the provisions of Laws 1937, chapter 438. All rules made by the state agency shall be binding on the counties and shall be complied with by the respective county agencies;

(3) establish adequate standards for personnel employed by the counties and the state agency in the administration of Laws 1937, chapter 438, and make the necessary rules to maintain such standards;

(4) prescribe the form of and print and supply to the county agencies blanks for applications, reports, affidavits, and such other forms as it may deem necessary and advisable;

(5) cooperate with the federal government and its public welfare agencies in any reasonable manner as may be necessary to qualify for federal aid for aid to dependent children and in conformity with the provisions of Laws 1937, chapter 438, including the making of such reports and such forms and containing such information as the Federal Social Security Board may from time to time require, and comply with such provisions as such board may from time to time find necessary to assure the correctness and verification of such reports; and

(6) may cooperate with other state agencies in establishing reciprocal agreements in instances where a child receiving aid to dependent children moves or contemplates moving into or out of the state, in order that such child may continue to receive supervised aid from the state moved from until the child shall have resided for one year in the state moved to; and

(7) on or before October 1 in each even-numbered year make a biennial report to the governor concerning the activities of the agency;

(8) prepare a plan and submit it to the full productivity and opportunity coordinator in each even-numbered year, according to standards established by the coordinator, for use in developing a biennial statewide employment and training plan design, develop, and administer an intake, referral, and inventory system that provides localized, single-point intake with a direct access to a statewide data base to match client needs with employment opportunities and public and private services. The system must include information on all available public and private programs for employment and training services and income maintenance and support services as defined in section 268.0111. The state agency shall cooperate with the department of jobs and training, counties and other local service units, service providers, and clients in the development and operation of the system. The system is not subject to sections 16B.40 to 16B.45; and

(9) enter into agreements with other departments of the state as necessary to meet all requirements of the federal government.

Sec. 32. Minnesota Statutes 1986, section 256.045, subdivision 3, is amended to read:

Subd. 3. [STATE AGENCY HEARINGS.] (a) In counties in which the commissioner of human services has not appointed a local welfare referee, any person applying for, receiving or having received any of the forms of public assistance described in subdivision 2 whose application for assistance is denied, not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid, or any patient or relative aggrieved by an order of the commissioner under section 252.27, may contest that action or decision before the state agency by submitting a written request for a hearing to the state agency within 30 days after receiving written notice of the action or decision, or within 90 days of such written notice if the applicant, recipient, patient or relative shows good cause why the request was not submitted within the 30-day time limit.

(b) All prepaid health plans under contract to the commissioner pursuant to chapter 256B or 256D must provide for a complaint system according to section 62D.11. For persons enrolled in prepaid health plans under chapter 256B or 256D, costs paid or incurred in filing and resolving a complaint are the responsibility of the prepaid health plan. The prepaid health plan shall issue a written resolution within 30 days of filing with the prepaid health plan.

(c) A local agency or party aggrieved by a ruling of a local welfare referee, or a party aggrieved by a ruling of a prepaid health plan,

may appeal the ruling to the state agency by filing a notice of appeal with the state agency within 30 days after receiving the ruling of the local welfare referee. A state welfare referee shall conduct a hearing on the matter and shall recommend an order to the commissioner of human services. In appeals from rulings of local welfare referees, the hearing may be limited, upon stipulation of the parties, to a review of the record of the local welfare referee. The commissioner need not grant a hearing if the sole issue raised by an appellant is the commissioner's authority to require mandatory enrollment in a prepaid health plan in a county where prepaid health plans are under contract with the commissioner.

(d) In a notice of appeal from a ruling of a prepaid health plan, a recipient may request an expedited hearing. The commissioner shall appoint a welfare referee to investigate and determine whether an expedited appeal is warranted. In making such a determination, the referee shall evaluate whether the medical condition of the recipient, if not immediately diagnosed and treated, could cause physical or mental disability, substantial deterioration of physical or mental health, continuation of severe pain, or death. The referee may order a second medical opinion from the prepaid health plan or order a second medical opinion from a non-prepaid health plan provider at prepaid health plan expense. If the referee determines that an expedited appeal is warranted, the referee shall hear the appeal and render a decision within a time commensurate with the level of urgency involved, based on the individual circumstances of the case. In urgent or emergency situations in which a prepaid health plan provider has prescribed treatment, and the prepaid health plan has denied authorization for that treatment, the referee may order the health plan to authorize such treatment pending the outcome of the appeal if an expedited hearing would not prevent disability, deterioration, severe pain, or death.

Sec. 33. Minnesota Statutes 1986, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide the child with a reasonable subsistence compatible with decency and health. The amount shall be based on the method of budgeting required in Public Law Number 97-35, section 2315, United States Code, title 42, section 602, as amended and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an assistance unit must be budgeted in the normal retrospective cycle. The number of months of ineligibility is determined by dividing the amount of the lump sum income and all other income, after application of the applicable disregards, by the

standard of need for the assistance unit. An amount remaining after this calculation is income in the first month of eligibility. If the total monthly income including the lump sum income is larger than the standard of need for a single month the first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. In making its determination the county agency shall disregard the following from family income:

(1) all of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit students for gainful employment as well as all the earned income derived from the job training and partnership act (JTPA) for a dependent child for six calendar months per year, together with unearned income derived from the job training and partnership act;

(2) all educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance;

(3) the first \$75 of each individual's earned income. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) an amount equal to the actual expenditures but not to exceed \$160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed throughout the month, the commissioner shall prescribe by rule a lesser amount to be disregarded;

(5) thirty dollars plus one-third of the remainder of each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has:

(a) reduced earned income without good cause within 30 days preceding any month in which an assistance payment is made; or

(b) refused without good cause to accept an offer of suitable employment; or

(c) left employment or reduced earnings without good cause and applied for assistance so as to be able later to return to employment with the advantage of the income disregard; or

(d) failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services.

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment.

The disregard of \$30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clauses (5)(a) to (5)(d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under clause (d), the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer applied to income, the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit; and

(7) insurance settlements to pay medical bills, to compensate a member of an assistance unit for partial or permanent loss of function or a body part, or to repair or replace insured property.

The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit shall be paid to the assistance unit within 15 days of the last day of the month of collection of such periodic support payments and shall be disregarded in determining the amount of assistance.

Subdivision 1. [DEFINITIONS.] For purposes of this section the following terms shall have the meanings given them:

(a) "Eligible persons" means pregnant women and children one year old or younger who have gross family incomes that are equal to or less than 185 percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B or general assistance medical care under chapter 256D and who are not otherwise insured for the covered services. Eligibility for pregnant women shall continue for 60 days post-partum to allow for follow-up visits.

(b) "Covered services" means prenatal care services and well baby care services.

(c) "Prenatal care services" means the outpatient services provided to pregnant women which are medically necessary for the pregnancy. Physician or certified nurse-midwife services for delivery are included but inpatient hospital services are not included.

(d) "Well baby care services" means the preventive care and immunizations provided according to age-related standards established by the commissioner under rules governing the early periodic screening diagnosis and treatment program.

(e) "Eligible providers" means those health care providers who provide prenatal care services to medical assistance clients under rules established by the commissioner for that program. Reimbursement under this section shall be at the same rates and conditions established for medical assistance. A provider of prenatal care services shall assess whether the pregnant woman is at risk of delivering a low birth weight baby or has a health condition which may increase the probability of a problem birth."

(f) "Commissioner" means the commissioner of human services.

Subd. 2. [FUND ADMINISTRATION.] The children's health fund is established to promote access to appropriate health care for pregnant women and to assure healthy babies and healthy children. The commissioner shall establish an office for the state administration of this fund. The fund shall be used to provide prenatal care and well baby care services for eligible persons. Payment for these services shall be made to all eligible providers. The commissioner shall establish marketing efforts to encourage potentially eligible persons to receive information about the program. A toll-free telephone number must be used to provide information about the fund and to promote access to the covered services. The commissioner must make a quarterly assessment of the expected expenditures for the covered services and the appropriation. Based on this assessment the commissioner may limit enrollments. If sufficient funds are not available to cover all costs incurred in one quarter, the

commissioner may seek an additional authorization for funding from the legislative advisory committee.

Subd. 3. [APPLICATION PROCEDURES.] Applications and other information must be available in provider offices, local human services agencies, community health offices, and Women, Infants and Children (WIC) program sites. These sites may accept applications, collect the enrollment fee, and forward the forms and fees to the commissioner. Otherwise, applicants may apply directly to the commissioner. The commissioner may use individuals' social security numbers as identifiers for purposes of administering the fund and conduct data matches to verify income. Applicants shall submit evidence of family income, earned and unearned, that will be used to verify income eligibility. Notwithstanding any other law to the contrary, benefits under this section are secondary to any plan of insurance or benefit program under which an eligible person may have coverage. The commissioner shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.

Subd. 4. [ENROLLMENT FEE.] An enrollment fee of \$35 is required from eligible persons for prenatal care services and an enrollment fee of \$25 is required from eligible persons for well baby care services. The fees may be paid together at the time of enrollment or as two payment installments.

Sec. 35. Minnesota Statutes 1986, section 256.969, subdivision 2, is amended to read:

Subd. 2. [RATES FOR INPATIENT HOSPITALS.] Rates paid to inpatient hospitals shall be based on a rate per admission until the commissioner can begin to reimburse hospitals for services under the medical assistance and general assistance medical care programs based upon a diagnostic classification system appropriate to the service populations. On July 1, 1984, the commissioner shall begin to utilize to the extent possible existing classification systems, including medicare. The commissioner may incorporate the grouping of hospitals with similar characteristics for uniform rates upon the development and implementation of the diagnostic classification system. Prior to implementation of the diagnostic classification system, the commissioner shall report the proposed grouping of hospitals to the senate health and human services committee and the house health and welfare committee. Effective August 1, 1985, or upon approval by the Federal Health Care Financing Agency, the computation of the base year cost per admission and the computation of the relative values of the diagnostic categories must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs and days beyond that point. Claims paid for care provided on or after August 1, 1985, shall be adjusted to reflect a recomputation of rates. The commissioner may reconstitute the diagnostic categories to reflect actual

hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories after notice in the State Register and a 30-day comment period. After May 1, 1986, acute care hospital billings under the medical assistance and general assistance medical care programs must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments with inpatient hospitals that have individual patient lengths of stay in excess of 30 days regardless of diagnosis-related group. For purposes of establishing interim rates, the commissioner is exempt from the requirements of chapter 14. Medical assistance and general assistance medical care reimbursement for treatment of mental illness shall be reimbursed based upon diagnosis classifications. The commissioner may selectively contract with hospitals for services within the diagnostic classifications relating to mental illness and chemical dependency under competitive bidding when reasonable geographic access by recipients can be assured. No physician shall be denied the privilege of treating a recipient required to utilize a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital. Effective July 1, 1988, the commissioner shall limit the annual increase in pass-through cost payments for depreciation, rents and leases, and interest expense to the annual growth in the consumer price index for all urban consumers (CPI-U). When computing budgeted pass-through cost payments, the commissioner shall use the annual increase in the CPI-U forecasted by Data Resources, Inc. consistent with the quarter of the hospital's fiscal year end. In final settlement of pass-through cost payments, the commissioner shall use the CPI-U for the month in which the hospital's fiscal year ends compared to the same month one year earlier.

Sec. 36. [256.974] [OFFICE OF OMBUDSMAN FOR OLDER MINNESOTANS; CREATION; LOCAL PROGRAMS.]

There is established within the board on aging the office of ombudsman for older Minnesotans. The office incorporates the long-term care ombudsman program required under the Older Americans Act, Public Law Number 98-459, section 307(a)(12) established within the Minnesota board on aging. The state ombudsman shall be in the classified service pursuant to section 256.01, subdivision 7. The Minnesota board on aging may make grants to local programs or area agencies on aging for the provision of ombudsman services to clients in county or multicounty areas. The individuals providing local ombudsman services must be qualified to perform the duties in section 38.

Sec. 37. [256.9741] [DEFINITIONS.]

Subdivision 1. "Long-term care facility" means a nursing home licensed under sections 144A.02 to 144A.10 or boarding care home licensed under sections 144.50 to 144.56.

Subd. 2. "Acute care facility" means a facility licensed as a hospital under sections 144.50 to 144.56.

Subd. 3. "Client" means an individual who requests, or on whose behalf a request is made for, ombudsman services and is (a) a resident of a long-term care facility or (b) a patient in an acute care facility who is eligible for Medicare and requests assistance relating to admission or discharge from an acute care facility.

Subd. 4. "Area agency on aging" means an agency responsible for coordinating a comprehensive aging services system within a planning and service area that has been designated an area agency on aging by the Minnesota board on aging.

Subd. 5. "Office" means the office of ombudsman established within the Minnesota board on aging or local ombudsman programs.

Sec. 38. [256.9742] [DUTIES AND POWERS OF THE OFFICE.]

Subdivision 1. [DUTIES.] The duties of the office shall be:

(1) to gather information and evaluate any act, practice, policy, procedure, or administrative action of a long-term care facility, acute care facility, or government agency that may adversely affect the health, safety, welfare, or rights of any client;

(2) mediate or advocate on behalf of clients;

(3) monitor the development and implementation of federal, state, or local laws, regulations, and policies affecting the rights and benefits of clients;

(4) comment on and recommend to the legislature and public and private agencies regarding laws, regulations, and policies affecting clients;

(5) inform public agencies about the problems of clients;

(6) provide for training of volunteers and promote the development of citizen participation in the work of the office;

(7) conduct public forums to obtain information about and publicize issues affecting clients;

(8) provide public education regarding the health, safety, welfare, and rights of clients; and

(9) collect and analyze data relating to complaints and conditions in long-term care facilities.

Subd. 2. [IMMUNITY FROM LIABILITY.] Any person designated as an ombudsman pursuant to this section is immune from civil liability that otherwise might result from his or her actions or omissions if the person's actions are in good faith, are within the scope of the person's responsibilities as an ombudsman, and do not constitute willful or reckless misconduct.

Subd. 3. [POSTING.] Every long-term care facility and acute care facility shall post in a conspicuous place the address and telephone number of the office. The posting shall be subject to approval by the office.

Subd. 4. [ACCESS TO LONG-TERM CARE AND ACUTE CARE FACILITIES AND CLIENTS.] The office may:

- (1) enter any long-term care facility without notice at any time;
- (2) enter any acute care facility without notice during normal business hours;
- (3) communicate privately and without restriction with any client in accordance with section 144.651; and
- (4) inspect records of a long-term care facility or acute care facility that pertain to the care of the client according to sections 144.335 and 144.651.

Subd. 5. [ACCESS TO STATE RECORDS.] The office shall have access to data of a state agency necessary for the discharge of the office's duties, including records classified confidential or private under chapter 13 or any other law. The data requested must relate to a specific case and must be treated according to section 13.03, subdivision 4.

Each state agency responsible for licensing, regulating, and enforcing state and federal laws and regulations concerning long-term care and acute care facilities shall forward to the office on a quarterly basis, copies of all correction orders, penalty assessments, and complaint investigation reports, for all long-term care facilities and acute care facilities.

Sec. 39. [256.9743] [REPORTING.]

At the request of the majority leader of the senate or the speaker of the house of representatives, the board on aging shall submit a report to the legislature. The report must include information on the duties of the office and may include recommendations for policy and program changes with appropriate supporting data. By February 1, 1989, the board on aging shall recommend methods for expanding

and funding local ombudsman programs to serve clients receiving in-home services or care in acute care facilities.

Sec. 40. [256.9744] [OFFICE RECORDS.]

Records and files of the office relating to a complaint or investigation made according to sections 36 to 41, and the identities of complainants, witnesses, or clients shall be maintained in accordance with the requirements of Public Law Number 98-459, section 307(a)(12)(D).

Sec. 41. [256.9745] [IN-HOME SERVICES ADVISORY TASK FORCE.]

The Minnesota board on aging shall appoint an advisory task force to make recommendations for expanding ombudsman services to recipients of in-home services. The task force shall include clients or representatives of clients, providers of in-home services, representatives of the Minnesota department of health, department of human services, counties, area agencies on aging, and members of the public at large. Compensation, terms, and removal of members shall be as provided in section 15.059. The Minnesota board on aging shall issue a report of the recommendations of the task force by February 1, 1989.

Sec. 42. Minnesota Statutes 1986, section 256.98, is amended to read:

256.98 [WRONGFULLY OBTAINING ASSISTANCE; THEFT.]

Subdivision 1. [WRONGFULLY OBTAINING ASSISTANCE.] A person who obtains, or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent device, assistance to which the person is not entitled or assistance greater than that to which the person is entitled, or who knowingly aids or abets in buying or in any way disposing of the property of a recipient or applicant of assistance without the consent of the local agency with intent to defeat the purposes of sections 256.12, 256.72 to 256.872 256.871, and chapter 256B, or all of these sections is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2) and (5).

Subd. 2. [JOINT TRIALS.] When two or more defendants are jointly charged with the same offense under subdivision 1, or are jointly charged with different offenses under subdivision 1 arising from the same course of conduct, they shall be tried jointly; however, if it appears to the court that a defendant or the state is substantially prejudiced by the joinder for trial, the court may order an

election or separate trial of counts, grant a severance of defendants, or provide other relief.

Subd. 3. [AMOUNT OF ASSISTANCE INCORRECTLY PAID.] The amount of the assistance incorrectly paid shall be under this section is the difference between the amount of assistance actually received on the basis of misrepresented or concealed facts and the amount to which the recipient would have been entitled under state and federal law had the welfare agency been informed of all material facts specific concealment or misrepresentation not occurred. Unless required by law, rule, or regulation, earned income disregards shall not be applied to earnings not reported by the recipient.

Subd. 4. [RECOVERY OF ASSISTANCE.] The amount of any assistance determined to have been incorrectly paid shall be is recoverable from the recipient or the recipient's estate by the county or the state as a debt due the county or the state or both in proportion to the contribution of each. Any amounts recovered shall be paid to the appropriate units of government in the same manner as provided in section 256.863.

Subd. 5. [CRIMINAL OR CIVIL ACTION.] To prosecute or to recover assistance wrongfully obtained under this section, the attorney general or the appropriate county attorney, acting independently or at the direction of the attorney general, may institute a criminal or civil action or both.

Subd. 6. [RULE SUPERSEDED.] Rule 17.03, subdivision 2, of the Minnesota Rules of Criminal Procedures that relates to joint trials is superseded by this section to the extent that it conflicts with this section.

Subd. 7. [DIVISION OF RECOVERED AMOUNTS.] If the state is responsible for the recovery, the amounts recovered shall be paid to the appropriate units of government as provided under section 256.863. If the recovery is directly attributable to a county, the county may retain one-half of the nonfederal share of any recovery from a recipient or the recipient's estate. This subdivision does not apply to recoveries from medical providers or to recoveries involving the department of human services, surveillance and utilization review division, state hospital collections unit, and the benefit recoveries division.

Sec. 43. Minnesota Statutes 1986, section 256B.02, subdivision 8, is amended to read:

Subd. 8. [MEDICAL ASSISTANCE; MEDICAL CARE.] "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of this cost:

(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries requiring a second opinion. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list is and the criteria and standards are not subject to the requirements of sections 14.01 to 14.70 14.69. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 256B.50, subdivision 1, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. A second medical opinion is required before reimbursement for elective surgeries requiring a second opinion. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before reimbursement and the criteria and standards for deciding whether an elective surgery should require a second surgical opinion. The list and the criteria and standards are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the

appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and X-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination

shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of this fee the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the

administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services. "Preventive services" include services related to pregnancy, including services for those conditions which may complicate a pregnancy and which may be available to a pregnant woman determined to be at risk of poor pregnancy outcome. Preventive services available to a woman at risk of poor pregnancy outcome may differ in an amount, duration, or scope from those available to other individuals eligible for medical assistance;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act. For purposes of obtaining Medicare part B, expenditures may be made even if federal funding is not available;

(14) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care ~~attendant~~ assistant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care ~~attendants~~ assistants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before medical assistance reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list and criteria and standards are not subject to the requirements of sections 14.01 to 14.69. The commissioner shall publish in the State Register a list of health services that require prior authorization, as well as the criteria and standards used to select health services on the list. The list and the criteria and standards used to formulate it are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether prior authorization is required for a health service or a second medical opinion is required for an elective surgery is not subject to administrative appeal.

Sec. 44. Minnesota Statutes 1986, section 256B.02, is amended by adding a subdivision to read:

Subd. 12. [PREPAID HEALTH PLAN.] "Prepaid health plan" means a vendor who receives a capitation payment and assumes financial risk for the provision of medical assistance services under a contract with the commissioner.

Sec. 45. Minnesota Statutes 1986, section 256B.03, subdivision 1, is amended to read:

Subdivision 1. [GENERAL LIMIT.] All payments for medical assistance hereunder must be made to the vendor. The maximum payment for new vendors enrolled in the medical assistance program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

Sec. 46. [256B.031] [PREPAID HEALTH PLANS.]

Subdivision 1. [CONTRACTS.] The commissioner may contract with health insurers licensed and operating under chapters 60A and 62A, nonprofit health service plans licensed and operating under chapter 62C, health maintenance organizations licensed and operating under chapter 62D, and vendors of medical care and organizations participating in prepaid programs under section 256D.03, subdivision 4, clause (b) to provide medical services to medical assistance recipients. Prepaid health plans must contract with public health agencies, nonprofit community health clinics, and community health agencies in their service areas provided the terms of participation for the clinics and agencies are competitive with the terms of other providers under contract to the prepaid plans. Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16B.19, subdivisions 5 and 6. Contracts must specify the services that are included in the per capita rate. Contracts must specify those services that are to be eligible for risk sharing between the prepaid health plan and the state. Contracts must also state that payment must be made within 30 days after the month of coverage.

Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program, provided the terms of participation in the program are competitive with the terms of other participants.

Subd. 2. [SERVICES.] State contracts for these services must assure recipients of at least the comprehensive health services defined in section 256B.02, subdivision 8, except services defined in section 256B.02, subdivision 8, paragraphs (2), (5), (16), and (17), and except services defined as chemical dependency services and mental health services.

Contracts under this section must include provision for assessing pregnant women to determine their risk of poor pregnancy outcome. Contracts must also include provision for treatment of women found to be at risk of poor pregnancy outcome.

Subd. 3. [INFORMATION REQUIRED.] Prepaid health plans under contract must provide information to the commissioner according to the contract specifications. The information must include, but not be limited to, the number of people receiving services, the number of encounters, the types of services received, evidence of an operating quality assurance program, and information about the use of and actual recoveries of available third-party resources.

Subd. 4. [PREPAID HEALTH PLAN RATES.] For payments made during calendar year 1988, the monthly maximum allowable rate established by the commissioner of human services for payment to prepaid health plans must not exceed 85 percent of the projected averaged monthly per capita fee-for-service medical assistance costs for state fiscal year 1988 for recipients of aid to families with dependent children. The base year for projecting the average monthly per capita fee-for-service medical assistance costs is state fiscal year 1986. A maximum allowable per capita rate must be established collectively for Anoka, Carver, Dakota, Hennepin, Ramsey, St. Louis, Scott, and Washington counties. A separate maximum allowable per capita rate must be established collectively for all other counties. The maximum allowable per capita rate may be adjusted to reflect utilization differences among eligible classes of recipients. For payments made during calendar year 1989, the maximum allowable rate must be calculated in the same way as 1988 rates, except the base year is state fiscal year 1987. For payments made during calendar year 1990 and later years, the commissioner shall contract with an independent actuary to establish prepayment rates. Rates established for prepaid health plans must be based on the services that the prepaid health plan provides under contract with the commissioner.

Subd. 5. [FREE CHOICE LIMITED.] In counties where there are two or more prepaid health plans under contract and where the prepaid health plans have providers in the local trade areas, the commissioner may require those who receive aid to families with dependent children to enroll in a prepaid health plan, except that those recipients who are refugees and whose health services are reimbursed 100 percent by the federal government for the first 31 months after entry to the United States are not required to enroll. Recipients required to enroll must receive services from or through the prepaid health plan.

Enrollment in a prepaid health plan is mandatory for recipients who become eligible on or after December 1, 1987. If the recipient does not choose a health plan within 20 days of being determined eligible for medical assistance or aid to families with dependent children, the commissioner shall randomly assign the recipient to a health plan. Those recipients who are eligible on November 30, 1987, must choose a prepaid health plan by December 20, 1987. If a recipient does not choose a prepaid health plan by December 20, 1987, the commissioner shall randomly assign the recipient to a health plan. Each recipient shall be enrolled in the health plan for a minimum period of six months following the effective date of enrollment, except that the recipient may change health plans once within the first 60 days after initial enrollment. The commissioner shall request a waiver from the federal Health Care Financing Administration to extend the minimum period to 12 months. Enrollment in a prepaid health plan is mandatory only when recipients have a choice of at least two prepaid health plans.

Women who are receiving medical assistance due to pregnancy and later become eligible for aid to families with dependent children are not required to choose a prepaid health plan until 60 days postpartum. An infant born as a result of that pregnancy must be enrolled in a prepaid health plan at the same time as the mother.

If third-party coverage is available to a recipient through enrollment in a prepaid health plan through employment, through coverage by the former spouse, or if a duty of support has been imposed by law, order, decree, or judgment of a court under section 518.551, the obligee or recipient shall participate in the prepaid health plan in which the obligee has enrolled provided that the commissioner has contracted with the plan.

Subd. 6. [OMBUDSMAN.] The commissioner shall designate an ombudsman to advocate for persons required to enroll in prepaid health plans under this section. The ombudsman shall advocate for recipients enrolled in prepaid health plans through complaint and appeal procedures and ensure that necessary medical services are provided either by the prepaid health plan directly or by referral to appropriate social services. At the time of enrollment in a prepaid health plan, the local agency shall inform recipients about the ombudsman program and their right to a resolution of a complaint by the prepaid health plan if they experience a problem with the plan or its providers.

Subd. 7. [PREPAYMENT COORDINATOR.] The local agency shall designate a prepayment coordinator to assist the state agency in implementing this section, sections 256B.69 and 256D.03, subdivision 4. Such assistance shall include educating recipients about available health care options; enrolling recipients pursuant to subdivision 5; providing necessary eligibility and enrollment information to health plans and the state agency; and coordinating complaints and appeals with the ombudsman established in subdivision 6.

Sec. 47. Minnesota Statutes 1986, section 256B.04, subdivision 14, is amended to read:

Subd. 14. [COMPETITIVE BIDDING.] The commissioner shall utilize volume purchase through competitive bidding under the provisions of chapter 16, to provide the following items:

- (1) eyeglasses;
- (2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;
- (3) hearing aids and supplies; and

(4) durable medical equipment, including but not limited to:

(a) hospital beds;

(b) commodes;

(c) glide-about chairs;

(d) patient lift apparatus;

(e) wheelchairs and accessories;

(f) oxygen administration equipment;

(g) respiratory therapy equipment;

(h) electronic diagnostic, therapeutic and life support systems; and

(5) wheelchair transportation services; and

(6) drugs.

Sec. 48. Minnesota Statutes 1986, section 256B.04, subdivision 15, is amended to read:

Subd. 15. [UTILIZATION REVIEW.] (1) Establish on a statewide basis a new program to safeguard against unnecessary or inappropriate use of medical assistance services, against excess payments, against unnecessary or inappropriate hospital admissions or lengths of stay, and against underutilization of services in prepaid health plans, long-term care facilities or any health care delivery system subject to fixed rate reimbursement. In implementing the program, the state agency shall utilize both prepayment and postpayment review systems to determine if utilization is reasonable and necessary. The determination of whether services are reasonable and necessary shall be made by the commissioner in consultation with a professional services advisory group appointed by the commissioner. An aggrieved party may appeal the commissioner's determination pursuant to the contested case procedures of chapter 14.

(2) Contracts entered into for purposes of meeting the requirements of this subdivision shall not be subject to the set-aside provisions of chapter 16B.

(3) A recipient aggrieved by the commissioner's termination of services or denial of future services may appeal pursuant to section 256.045. A vendor aggrieved by the commissioner's determination that services provided were not reasonable or necessary may appeal pursuant to the contested case procedures of chapter 14. To appeal, the vendor shall notify the commissioner in writing within 30 days

of receiving the commissioner's notice. The appeal request shall specify each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the vendor believes is correct, the authority in statute or rule upon which the vendor relies for each disputed item, the name and address of the person or firm with whom contacts may be made regarding the appeal, and other information required by the commissioner.

Sec. 49. Minnesota Statutes 1986, section 256B.06, subdivision 1, is amended to read:

Subdivision 1. Medical assistance may be paid for any person:

(1) who is a child eligible for or receiving adoption assistance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676 under Minnesota Statutes, section 259.40 or 259.431; or

(2) who is a child eligible for or receiving foster care maintenance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676; or

(3) who is eligible for or receiving public assistance under the aid to families with dependent children program, the Minnesota supplemental aid program, except for those persons eligible for Minnesota supplemental aid because the local agency waived excess assets under section 256D.37, subdivision 2; or

(4) who is a pregnant woman, as certified in writing by a physician or nurse midwife, and who (a) meets the other eligibility criteria of this section, and (b) would be categorically eligible for assistance under the aid to families with dependent children program if the child had been born and was living with the woman. For purposes of this section, a woman is considered pregnant for 60 days postpartum; or

(5) who is a pregnant woman, as certified in writing by a physician or nurse midwife, who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under clause (9) (8) if born and living with the woman. For purposes of this section, a woman is considered pregnant for 60 days postpartum; or

(6) who meets the categorical eligibility requirements of the supplemental security income program and the other eligibility requirements of this section; or

(7) who, except for the amount of income or ~~resources~~ assets, would qualify for supplemental security income for the aged, blind and

disabled, or aid to families with dependent children, and who meets the other eligibility requirements of this section. However, in the case of families and children who meet the categorical eligibility requirements for aid to families with dependent children, the methodology for calculating assets shall be as specified in section 256.73, subdivision 2, and the methodology for calculating deductions from earnings for child care and work expenses shall be as specified in section 256.74, subdivision 1; or

(8) who is under 21 years of age and in need of medical care that neither the person nor the person's relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(9) who is an infant less than one year of age born on or after October 1, 1984, whose mother was eligible at the time of birth and who remains in the mother's household. Eligibility under this clause is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility; or

(10) who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(11) who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the rules of the state agency; and

(12) who alone, or together with the person's spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant or recipient as a primary place of residence, together with the contiguous land upon which it is situated. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by the spouse, minor child, or disabled child of any age; or the applicant/recipient is expected to return to the home as a principal residence within six calendar months of entry to the long-term care facility. Certification of expected return to the homestead shall be documented in writing by the attending physician. The homestead is also excluded for the first six calendar months of the person's stay in the long-term care facility. The homestead must be reduced to an amount within limits or excluded on another basis if the person remains in the long-term care facility for a period longer than six months. Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price or unless the commissioner determines that sale of the real estate would cause undue hardship or unless the equity in the real estate when combined with the equity in the homestead totals \$15,000 or less the property is not salable, the equity is \$6,000 or less and the income produced by the property is at least six percent of the equity, or the excess real

property is exempted for a period of nine months if there is a good faith effort to sell the property and a legally binding agreement is signed to repay the amount of assistance issued during that nine months; and

(13) who individually does not own more than \$3,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does not own more than \$6,000 in cash or liquid assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. For residents of long-term care facilities, the accumulation of the clothing and personal needs allowance pursuant to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. Cash and liquid assets may include a prepaid funeral contract and insurance policies with cash surrender value. The value of the following shall not be included:

(a) the homestead, and (b) household goods and furniture in use in the home, (c) wearing apparel, (d) personal property used as a regular abode by the applicant or recipient, (e) a lot in a burial plot for each member of the household, (f) personal jewelry acquired more than 24 months immediately prior to the period of medical assistance eligibility and personal jewelry acquired within 24 months immediately prior to the period of medical assistance eligibility and not purchased with assets of the applicant or recipient, (g) capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income, (h) for a period of six months, insurance settlements to repair or replace damaged, destroyed, or stolen property, (i) one motor vehicle that is licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e, and that is used primarily for the person's benefit, and (j) other items which may be required by federal law or statute. To be excluded, the vehicle must have a market value of less than \$4,500; be necessary to obtain medically necessary health services; be necessary for employment; be modified for operation by or transportation of a handicapped person; or be necessary to perform essential daily tasks because of climate, terrain, distance, or similar factors. The equity value of other motor vehicles is counted against the cash or liquid asset limit; and

(14) who has or anticipates receiving an annual a semiannual income not in excess of the income standards by family size used in the aid to families with dependent children program, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the rules of the state

agency. Notwithstanding any laws or rules to the contrary, in computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Number 94-566, section 503. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred, Public Law Number 99-272 and Public Law Number 99-509; and

(15) who has continuing monthly expenses for medical care that are more than the amount of the person's excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of human services, is to be applied to the cost of institutional care or who is a pregnant woman who meets the requirements of clauses (1) to (8) except that her anticipated income is in excess of the income standards by family size used in the aid to families with dependent children program, but is equal to or less than 100 percent of the nonfarm income official poverty line as defined by the United States Office of Management and Budget. Eligibility for a pregnant woman with respect to this clause shall be without regard to the asset standards specified in clauses (12) and (13). For persons who reside in licensed nursing homes, regional treatment centers, or medical institutions, the income over and above that required in section 256B.35 for personal needs allowance is to be applied to the cost of institutional care. In addition, income may be retained by an institutionalized person (a) to support dependents in the amount that, together with the income of the spouse and child under age 18, would provide net income equal to the medical assistance standard for the family size of the dependents excluding the person residing in the facility; or (b) for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if the person was not living together with a spouse or child under age 21 at the time the person entered a long-term care facility, if the person has expenses of maintaining a residence in the community, and if a physician certifies that the person is expected to reside in the long-term care facility on a short-term basis. For purposes of this section, persons are determined to be residing in licensed nursing homes, regional treatment centers, or medical institutions if the persons are expected to remain for a period expected to last longer than three months. The commissioner of human services may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care; and

(16) who has applied or agrees to apply all proceeds received or receivable by the person or the person's spouse from automobile

accident coverage and private health care coverage to any third person liable for the costs of medical care for the person, the spouse, and children. The state agency may shall require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage to medical support and third party payments. Persons must cooperate with the state in establishing paternity and obtaining third party payments. By signing an application for medical assistance, a person assigns to the department of human services all rights the person may have to medical support or payments for medical expenses from any other person or entity on their own or their dependent's behalf and agrees to cooperate with the state in establishing paternity and obtaining third party payments. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment takes effect upon the determination that the applicant is eligible for medical assistance and up to three months prior to the date of application if the applicant is determined eligible for and receives medical assistance benefits. The application must contain a statement explaining this assignment. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt notification of the assignment by the person or organization providing the benefits; and

(17) eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

Sec. 50. Minnesota Statutes 1986, section 256B.06, is amended by adding a subdivision to read:

Subd. 4. [CITIZENSHIP REQUIREMENTS.] Eligibility for medical assistance is limited to citizens of the United States and aliens lawfully admitted for permanent residence or otherwise permanently residing in the United States under the color of law. Payment shall also be made for care and services that are furnished to an alien who otherwise meets the eligibility requirements of this section if such care and services are necessary for the treatment of an emergency medical condition. For purposes of this subdivision, the term "emergency medical condition" means a medical condition, including labor and delivery, that if not immediately treated could cause a person physical or mental disability, continuation of severe pain, or death.

Sec. 51. Minnesota Statutes 1986, section 256B.064, subdivision 1a, is amended to read:

Subd. 1a. [GROUNDS FOR MONETARY RECOVERY AND SANCTIONS AGAINST VENDORS.] The commissioner may seek monetary recovery and impose sanctions against vendors of medical

care for any of the following: fraud, theft, or abuse in connection with the provision of medical care to recipients of public assistance; a pattern of presentment of false or duplicate claims or claims for services not medically necessary; a pattern of making false statements of material facts for the purpose of obtaining greater compensation than that to which the vendor is legally entitled; suspension or termination as a Medicare vendor; and refusal to grant the state agency access during regular business hours to examine all records necessary to disclose the extent of services provided to program recipients. ~~No sanction may be imposed or monetary recovery obtained against any vendor of nursing home or convalescent care for providing services not medically necessary when the services provided were ordered by a licensed health professional not an employee of the vendor.~~ The determination of services not medically necessary shall be made by the commissioner in consultation with a provider peer advisory committee appointed by the commissioner on the recommendation of appropriate professional organizations.

Sec. 52. Minnesota Statutes 1986, section 256B.15, is amended to read:

If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the person and the surviving spouse, if married survivor of a married couple, either or both of whom received medical assistance, and only when there is no surviving child who is under 21 or is blind or totally disabled, the total amount paid for medical assistance rendered for the person and spouse, after age 65, without interest, shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate. A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, is limited to the value of the assets of the estate that were marital property or jointly-owned property at any time during the marriage. The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Any statute that purports to limit a county or state agency from filing an affidavit of successorship shall not apply to a claim made under this section. Counties may retain one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort.

Sec. 53. Minnesota Statutes 1986, section 256B.17, subdivision 4, is amended to read:

Subd. 4. [PERIOD OF INELIGIBILITY.] For any uncompensated transfer, the period number of months of ineligibility shall be

calculated by dividing the uncompensated transferred amount by the statewide average monthly skilled nursing facility per diem per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year to determine the number of months of ineligibility. The individual shall remain ineligible until this fixed ineligibility period has expired. The period of ineligibility may exceed 24 months, and a reapplication for benefits after 24 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired.

Sec. 54. Minnesota Statutes 1986, section 256B.17, subdivision 5, is amended to read:

Subd. 5. [EXCLUDED RESOURCES.] Except for the limitations contained in subdivision 6, a resource which is transferred while otherwise excluded under sections section 256B.06 and 256B.07 shall not be considered an available resource for purposes of medical assistance eligibility. This exception shall not apply to applicants for or recipients of general assistance medical care benefits under chapter 256D.

Sec. 55. Minnesota Statutes 1986, section 256B.19, subdivision 1, is amended to read:

Subdivision 1. [DIVISION OF COST.] The cost of medical assistance paid by each county of financial responsibility shall be borne as follows: Payments shall be made by the state to the county for that portion of medical assistance paid by the federal government and the state on or before the 20th day of each month for the succeeding month upon requisition from the county showing the amount required for the succeeding month. Ninety percent of the expense of assistance not paid by federal funds available for that purpose shall be paid by the state and ten percent shall be paid by the county of financial responsibility.

For counties that participate in a medicaid demonstration project under sections 256B.69 and 256B.71, the division of the nonfederal share of medical assistance expenses for payments made to prepaid health plans or for payments made to health maintenance organizations in the form of prepaid capitation payments, this division of medical assistance expenses shall be 95 percent by the state and five percent by the county of financial responsibility.

State contracts with health maintenance organizations shall assure medical assistance recipients of at least the comprehensive health maintenance services defined in section 62D.02, subdivision 7. The contracts shall require health maintenance organizations to provide information to the commissioner concerning the number of people receiving services, the number of encounters, the type of services received, evidence of an operational quality assurance

program pursuant to section 62D.04 and information about utilization.

In counties where prepaid health plans are under contract to the commissioner to provide services to medical assistance recipients, the cost of court ordered treatment ordered without consulting the prepaid health plan that does not include diagnostic evaluation, recommendation, or and referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 56. Minnesota Statutes 1986, section 256B.35, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any law to the contrary, welfare allowances for clothing and personal needs for individuals receiving medical assistance while residing in any skilled nursing home or, intermediate care facility, or medical institution including recipients of supplemental security income, in this state shall not be less than \$40 per month from all sources.

Provided that this personal needs allowance may be paid as part of the Minnesota supplemental aid program, notwithstanding the provisions of section 256D.37, subdivision 2, and payments to the recipients from Minnesota supplemental aid funds may be made once each three months beginning in October, 1977 covering liabilities that accrued during the preceding three months.

Sec. 57. Minnesota Statutes 1986, section 256B.35, subdivision 2, is amended to read:

Subd. 2. Neither the skilled nursing home, the intermediate care facility, the medical institution, nor the department of human services shall withhold or deduct any amount of this allowance for any purpose contrary to this section.

Sec. 58. Minnesota Statutes 1986, section 256B.421, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] For the purposes of this section and sections 256B.41, 256B.411, 256B.431, 256B.433, 256B.47, 256B.48, 256B.50, and 256B.502, the following terms and phrases shall have the meaning given to them.

Sec. 59. Minnesota Statutes 1986, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. [OPERATING COSTS, AFTER JULY 1, 1985.] (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing home's cost report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, size of the nursing home, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing home. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing homes in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting limits and nursing home payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing home is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July 1, 1985, the commissioner shall:

(1) allow nursing homes that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing homes licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing homes referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing home shall receive an operating cost payment rate equal to the sum of the nursing home's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing home's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability or payments in lieu of real estate tax of each proprietary nursing home as an operating cost of that nursing home. For rate years beginning on or after July 1, 1987, the reported actual real estate tax liability or payments in lieu of real estate tax of nursing homes shall be adjusted to include an amount equal to one-half of the dollar change in real estate taxes from the prior year. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota department of health, for each nursing home as an operating cost of that nursing home. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, and license fees paid as required by the Minnesota department of health, for each nursing home (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the 60th percentile or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e).

(h) For rate years beginning on or after July 1, 1987, the commissioner shall adjust the rates of the nursing home that meets the criteria for special dietary needs of its residents as described in section 144A.071, subdivision 3, clause (c), and the special dietary needs involve the preparation of Kosher foods as defined in section 31.651. The adjustment shall be the difference between the nursing home's allowable historical raw food cost per diem and 115 percent of the median historical allowable raw food cost per diem of the corresponding geographic group. The adjustment shall be calculated based on allowable costs incurred during the reporting year ending in 1986, and shall be adjusted each rate year by the raw food component of the economic change index established pursuant to section 256B.431, 2b(e). An adjustment for dietary consulting shall be the difference between the nursing home's allowable historical dietary consulting cost per diem and 115 percent of the median historical allowable dietary consulting cost per diem of the corresponding geographic group. An adjustment for dietary supplies shall be the difference between the nursing home's allowable historical dietary supply cost per diem and 105 percent of the median historical allowable dietary supply cost per diem of the corresponding geographic group. The rate adjustment shall be reduced by the applicable phase-in percentage as provided under section 256B.431, subdivision 2(h).

Sec. 60. Minnesota Statutes 1986, section 256B.431, subdivision 2e, is amended to read:

Subd. 2e. [NEGOTIATED RATES CONTRACTS FOR SERVICES FOR VENTILATOR DEPENDENT PERSONS.] Until procedures for determining operating cost payment rates according to mix of resident needs are established, the commissioner may negotiate, with a nursing home that is eligible to receive medical assistance payments, a payment rate of up to 125 percent of the allowed payment rate to be paid for a period of up to three months for individuals who have been hospitalized for more than 100 days, or who have extensive care needs based on nursing hours actually provided or mental or physical disability, or who need respite care for a specified and limited time period. In addition, the commissioner shall take into consideration facilities which historically provided nursing hours at or near the maximum limits which were subsequently reduced as a consequence of payment rate reductions. The payment rate shall be based on an assessment of the nursing home's resident mix as determined by the commissioner of health. When circumstances dictate, the commissioner has authority to renegotiate payment rates for an additional period of time. The payment rate negotiated and The commissioner may contract with a nursing home eligible to receive medical assistance payments to provide services to a ventilator dependent person identified by the commissioner according to criteria developed by the commissioner, including:

(1) nursing home care has been recommended for the person by a preadmission screening team;

(2) the person has been assessed at case mix classification K;

(3) the person has been hospitalized for at least six months and no longer requires inpatient acute care hospital services; and

(4) the commissioner has determined that necessary services for the person cannot be provided under existing nursing home rates.

The commissioner may issue a request for proposals to provide services to a ventilator dependent person to nursing homes eligible to receive medical assistance payments and shall select nursing homes from among respondents according to criteria developed by the commissioner, including:

(i) the cost effectiveness and appropriateness of services;

(ii) the nursing home's compliance with federal and state licensing and certification standards; and

(iii) the proximity of the nursing home to a ventilator dependent person identified by the commissioner who requires nursing home placement.

The commissioner may negotiate an adjustment to the operating cost payment rate for a nursing home selected by the commissioner from among respondents to the request for proposals. The negotiated adjustment must reflect only the actual additional cost of meeting the specialized care needs of a ventilator dependent person identified by the commissioner for whom necessary services cannot be provided under existing nursing home rates and which are not otherwise covered under Minnesota Rules, parts 9549.0010 to 9549.0080 or 9505.0170 to 9505.0475. The negotiated adjustment shall not affect the payment rate charged to private paying residents under the provisions of section 256B.48, subdivision 1. The negotiated adjustment paid pursuant to this paragraph is specifically exempt from the definition of "rule" and the rulemaking procedures required by chapter 14 and section 256B.502.

Sec. 61. Minnesota Statutes 1986, section 256B.431, subdivision 3a, is amended to read:

Subd. 3a. [PROPERTY-RELATED COSTS AFTER JULY 1, 1985.]

(a) For rate years beginning on or after July 1, 1985, the commissioner, by permanent rule, shall reimburse nursing home providers that are vendors in the medical assistance program for the rental use of real estate and depreciable equipment. "Real estate" means land improvements, buildings, and attached fixtures used directly for resident care. "Depreciable equipment" means the standard moveable resident care equipment and support service equipment generally used in long-term care facilities.

(b) In developing the method for determining payment rates for the rental use of nursing homes, the commissioner shall consider factors designed to:

(1) simplify the administrative procedures for determining payment rates for property-related costs;

(2) minimize discretionary or appealable decisions;

(3) eliminate any incentives to sell nursing homes;

(4) recognize legitimate costs of preserving and replacing property;

(5) recognize the existing costs of outstanding indebtedness allowable under the statutes and rules in effect on May 1, 1983;

(6) address the current value of, if used directly for patient care, land improvements, buildings, attached fixtures, and equipment;

(7) establish an investment per bed limitation;

(8) reward efficient management of capital assets;

(9) provide equitable treatment of facilities;

(10) consider a variable rate; and

(11) phase-in implementation of the rental reimbursement method.

(c) No later than January 1, 1984, the commissioner shall report to the legislature on any further action necessary or desirable in order to implement the purposes and provisions of this subdivision.

(d) For rate years beginning on or after July 1, 1987, a nursing home which has reduced licensed bed capacity after January 1, 1986, shall be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed prior to the reduction; and

(2) establish capacity days for each rate year following the licensure reduction based on the number of beds licensed on the previous April 1 if the commissioner is notified of the change by April 4. The notification must include a copy of the delicensure request that has been submitted to the commissioner of health.

(e) Until the rental reimbursement method is fully phased-in, a nursing home whose final property related payment rate is the rental rate shall continue to have its property related payment rates established based on the rental reimbursement method.

Sec. 62. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3b. [DEPRECIATION RECAPTURE.] The sale of a nursing home which occurred on or after July 1, 1987, shall result in depreciation recapture payments to be paid by the buyer to the commissioner within 60 days of the department's notification if the sale price exceeds the nursing home's allowable historical cost of capital assets including land recognized by the commissioner at the time of the sale, reduced by accumulated depreciation. The gross recapture amount shall be the lesser of the actual gain on the sale or actual depreciation recognized for the purpose of calculating medical assistance payment rates from the latter of the date of previous sale on November 1, 1972, through the date of the sale. The gross recapture amount shall be allocated to each reporting year from the latter of the date of previous sale on November 1, 1972, through the date of the sale in the same ratio as depreciation amounts recognized for the purpose of calculating medical assistance payment rates. The amount allocated to each reporting year shall be divided by the total actual resident days in that reporting year, thereby determining a cost-per-resident day. The recapture amount shall be the cost-per-resident day for each reporting year times the actual medical assistance resident days for the corresponding rate year following each reporting year. No payment of depreciation recapture shall be assessed with respect to a portion of a rate year beginning after June 30, 1985, in which the property-related payment rate was based on the nursing home's rental value. The recapture amount shall be reduced by one percent for each month of continuous ownership since the previous date of sale of the nursing home up to a maximum of 100 months. For the purpose of this subdivision, the sale of a nursing home means the sale or transfer of a nursing home's capital assets or capital stock or the redemption of ownership interests by members of a partnership. In the case of a sale or transfer of a nursing home in which the new operator leases depreciable equipment used in the nursing home business from the prior operator, or an affiliate of the prior operator, the net present value of the lease shall be added to the transaction price for the purpose of determining the actual gain on the sale. In the case of a partial sale of a nursing home, the provisions of this subdivision will be applied proportionately to sales or accumulations of sales that exceed 20 percent of a nursing home's capital assets or capital stock. Depreciation recapture payments resulting from the sale of a nursing home which occurred before July 1, 1985, shall be calculated in accordance with reimbursement regulations in effect on the date of the sale.

Sec. 63. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3c. [PLANT AND MAINTENANCE COSTS.] For the rate years beginning on or after July 1, 1987, the commissioner shall allow as an expense in the reporting year of occurrence the lesser of the actual allowable plant and maintenance costs for supplies, minor equipment, equipment repairs, building repairs, purchased services and service contracts, except for arms-length service contracts whose primary purpose is supervision, or \$325 per licensed bed.

Sec. 64. Minnesota Statutes 1986, section 256B.431, subdivision 4, is amended to read:

Subd. 4. [SPECIAL RATES.] (a) For the rate years beginning July 1, 1983, and July 1, 1984, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property-related costs calculated pursuant to the statutes and rules in effect on May 1, 1983 and for operating costs negotiated by the commissioner based upon the 60th percentile established for the appropriate group under subdivision 2a, to be effective from the first day a medical assistance recipient resides in the home or for the added beds. For newly constructed nursing homes which are not included in the calculation of the 60th percentile for any group, subdivision 2f, the commissioner shall establish by rule procedures for determining interim operating cost payment rates and interim property-related cost payment rates. The interim payment rate shall not be in effect for more than 17 months. The commissioner shall establish, by emergency and permanent rules, procedures for determining the interim rate and for making a retroactive cost settle-up after the first year of operation; the cost settled operating cost per diem shall not exceed 110 percent of the 60th percentile established for the appropriate group. Until procedures determining operating cost payment rates according to mix of resident needs are established, the commissioner shall establish by rule procedures for determining payment rates for nursing homes which provide care under a lesser care level than the level for which the nursing home is certified.

(b) For the rate years beginning on or after July 1, 1985, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property related costs, operating costs, and real estate taxes and special assessments calculated under rules promulgated by the commissioner.

(c) For rate years beginning on or after July 1, 1983, the commissioner may exclude from a provision of 12 MCAR S 2.050 any facility that is licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, is licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690, and has less

than five percent of its licensed boarding care capacity reimbursed by the medical assistance program. Until a permanent rule to establish the payment rates for facilities meeting these criteria is promulgated, the commissioner shall establish the medical assistance payment rate as follows:

(1) The desk audited payment rate in effect on June 30, 1983, remains in effect until the end of the facility's fiscal year. The commissioner shall not allow any amendments to the cost report on which this desk audited payment rate is based.

(2) For each fiscal year beginning between July 1, 1983, and June 30, 1985, the facility's payment rate shall be established by increasing the desk audited operating cost payment rate determined in clause (1) at an annual rate of five percent.

(3) For fiscal years beginning on or after July 1, 1985, the facility's payment rate shall be established by increasing the facility's payment rate in the facility's prior fiscal year by the increase indicated by the consumer price index for Minneapolis and St. Paul.

(4) For the purpose of establishing payment rates under this paragraph, the facility's rate and reporting years coincide with the facility's fiscal year.

A facility that meets the criteria of this paragraph shall submit annual cost reports on forms prescribed by the commissioner.

For the rate year beginning July 1, 1985, each nursing home total payment rate must be effective two calendar months from the first day of the month after the commissioner issues the rate notice to the nursing home. From July 1, 1985, until the total payment rate becomes effective, the commissioner shall make payments to each nursing home at a temporary rate that is the prior rate year's operating cost payment rate increased by 2.6 percent plus the prior rate year's property-related payment rate and the prior rate year's real estate taxes and special assessments payment rate. The commissioner shall retroactively adjust the property-related payment rate and the real estate taxes and special assessments payment rate to July 1, 1985, but must not retroactively adjust the operating cost payment rate.

(d) For the purposes of Minnesota Rules, part 9549.0060, subpart 13, item F, the following types of transactions shall not be considered a sale or reorganization of a provider entity:

(1) the sale or transfer of a nursing home upon death of an owner;

(2) the sale or transfer of a nursing home due to serious illness or disability of an owner as defined under the social security act; or

(3) the sale or transfer of the nursing home upon retirement of an owner at 62 years of age or older;

(4) any transaction in which a partner, owner, or shareholder acquires an interest or share of another partner, owner, or shareholder in a nursing home business provided the acquiring partner, owner, or shareholder has less than 50 percent ownership after the acquisition;

(5) a sale and leaseback to the same licensee which does not constitute a change in facility license;

(6) a transfer of an interest to a trust;

(7) gifts or other transfers for no consideration;

(8) a merger of two or more related organizations;

(9) a transfer of interest in a facility held in receivership;

(10) a change in the legal form of doing business other than a publicly held organization which becomes privately held or vice versa;

(11) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing home or the issuance of stock; and

(12) an involuntary transfer including foreclosure, bankruptcy, or assignment for the benefit of creditors.

Any increase in allowable debt or allowable interest expense or other cost incurred as a result of the foregoing transactions shall be a nonallowable cost for purposes of reimbursement under Minnesota Rules, parts 9549.0010 to 9549.0080.

Sec. 65. Minnesota Statutes 1986, section 256B.433, is amended to read:

256B.433 [ANCILLARY SERVICES.]

Subdivision 1. [SETTING PAYMENT; MONITORING USE OF THERAPY SERVICES.] The commissioner shall promulgate rules pursuant to the administrative procedure act to set the amount and method of payment for ancillary materials and services provided to recipients residing in ~~long-term care facilities~~ nursing homes. Payment for materials and services may be made to either the nursing home in the operating cost per diem, to the vendor of ancillary services pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080 or to a nursing home pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. Payment for the same or similar service to a recipient

shall not be made to both the nursing home and the vendor. The commissioner shall ensure the avoidance of double payments through audits and adjustments to the nursing home's annual cost report as required by section 256B.47, and that charges and arrangements for ancillary materials and services are cost effective and as would be incurred by a prudent and cost conscious buyer. Therapy services provided to a recipient must be medically necessary and appropriate to the medical condition of the recipient. If the vendor, nursing home, or ordering physician cannot provide adequate medical necessity justification, as determined by the commissioner and an advisory committee that meets the requirements of section 256B.064, subdivision 1a, the commissioner may recover or disallow the payment for the services and shall require prior authorization for therapy services as a condition of payment or shall impose administrative sanctions to limit the vendor, nursing home, or ordering physician's participation in the medical assistance program.

Subd. 2. [CERTIFICATION THAT TREATMENT IS APPROPRIATE.] The physical therapist, occupational therapist, speech therapist, or audiologist who provides or supervises the provision of therapy services, other than an initial evaluation, to a medical assistance recipient must certify in writing that the therapy's nature, scope, duration, and intensity are appropriate to the medical condition of the recipient every 30 days. The therapist's statement of certification must be maintained in the recipient's medical record together with the specific orders by the physician and the treatment plan. If the recipient's medical record does not include these documents, the commissioner may recover or disallow the payment for such services. The commissioner shall utilize a peer review program that meets the requirements of section 256B.064, subdivision 1a, to make recommendations regarding the medical necessity of services provided.

Subd. 3. [SEPARATE BILLINGS FOR THERAPY SERVICES.] Payment for therapy services provided to nursing home residents that are billed separate from nursing home's payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, shall be subject to the following requirements:

(a) The practitioner invoice must include, in a format specified by the commissioner, the provider number of the nursing home where the medical assistance recipient resides regardless of the service setting.

(b) Nursing homes that are related by ownership, control, agreement, affiliation, or employment status to the vendor of therapy services shall report, in a format specified by the commissioner, the revenues received during the reporting year for therapy services provided to residents of the nursing home. The commissioner shall offset the revenues received during the reporting year for therapy

services provided to residents of the nursing home to the total payment rate of the nursing home by dividing the amount of offset by the nursing home's actual resident days. Except as specified in paragraphs (d) and (f), the amount of offset shall be the revenue in excess of 105 percent of the cost removed from the cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. In establishing a new base period for the purpose of setting operating cost payment rate limits and rates, the commissioner shall not include the revenues offset in accordance with this section.

(c) Nursing homes shall limit charges in total to vendors of therapy services for renting space, equipment, or obtaining other services during the rate year to 105 percent of the annualized cost removed from the reporting year cost report resulting from the requirement of the commissioner to ensure the avoidance of double payments as determined by section 256B.47. If the arrangement for therapy services is changed so that a nursing home is subject to this paragraph instead of paragraph (b), the cost that is used to determine rent must be adjusted to exclude the annualized costs for therapy services that are not provided in the rate year. The maximum charges to the vendors shall be based on the commissioner's determination of annualized cost and may be subsequently adjusted upon resolution of appeals.

(d) The commissioner shall require reporting of all revenues relating to the provision of therapy services and shall establish a therapy cost, as determined by section 256B.47, to revenue ratio for the reporting year ending in 1986. For subsequent reporting years, the ratio may increase five percentage points in total until a new base year is established under paragraph (e). Increases in excess of five percentage points may be allowed if adequate justification is provided to and accepted by the commissioner. Unless an exception is allowed by the commissioner, the amount of offset in paragraph (b) is the greater of the amount determined in paragraph (b) or the amount of offset that is imputed based on one minus the lesser of (1) the actual reporting year ratio or (2) the base reporting year ratio increased by five percentage points, multiplied by the revenues.

(e) The commissioner may establish a new reporting year base for determining the cost to revenue ratio.

(f) If the arrangement for therapy services is changed so that a nursing home is subject to the provisions of paragraph (b) instead of paragraph (c), an average cost to revenue ratio based on the ratios of nursing homes that are subject to the provisions of paragraph (b) shall be imputed for paragraph (d).

(g) This section does not allow unrelated nursing homes to reorganize related organization therapy services and provide services among themselves to avoid offsetting revenues. Nursing homes

that are found to be in violation of this provision shall be subject to the penalty requirements of section 256B.48, subdivision 1, paragraph (f).

Sec. 66. Minnesota Statutes 1986, section 256B.47, subdivision 1, is amended to read:

Subdivision 1. [NONALLOWABLE COSTS.] The following costs shall not be recognized as allowable: (1) political contributions; (2) salaries or expenses of a lobbyist, as defined in section 10A.01, subdivision 11, for lobbying activities; (3) advertising designed to encourage potential residents to select a particular nursing home; (4) assessments levied by the commissioner of health for uncorrected violations; (5) legal and related expenses for unsuccessful challenges to decisions by governmental agencies; (6) memberships in sports, health or similar social clubs or organizations; and (7) costs incurred for activities directly related to influencing employees with respect to unionization; and (8) direct and indirect costs of providing services which are billed separately from the nursing home's payment rate or pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. The commissioner shall by rule exclude the costs of any other items not directly related to the provision of resident care.

Sec. 67. Minnesota Statutes 1986, section 256B.47, is amended by adding a subdivision to read:

Subd. 3. [ALLOCATION OF COSTS.] To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing residents of nursing homes that are not hospital attached with therapy services that are billed separately from the nursing home payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report as follows:

(a) The costs of wages and salaries for employees providing or participating in providing and consultants providing services shall be allocated to the therapy service based on direct identification.

(b) The costs of fringe benefits and payroll taxes relating to the costs in paragraph (a) must be allocated to the therapy service based on direct identification or the ratio of total costs in paragraph (a) to the sum of total allowable salaries and the costs in paragraph (a).

(c) The costs of housekeeping, plant operations and maintenance, real estate taxes, special assessments, property and insurance, other than the amounts classified as a fringe benefit, must be allocated to the therapy service based on the ratio of service area square footage to total facility square footage.

(d) The costs of bookkeeping and medical records must be allocated to the therapy service either by the method in paragraph (e) or based on direct identification. Direct identification may be used if adequate documentation is provided to, and accepted by, the commissioner.

(e) The costs of administrators, bookkeeping, and medical records salaries, except as provided in paragraph (d), must be allocated to the therapy service based on the ratio of the total costs in paragraphs (a) to (d) to the sum of total allowable nursing home costs and the costs in paragraphs (a) to (d).

Sec. 68. Minnesota Statutes 1986, section 256B.47, is amended by adding a subdivision to read:

Subd. 4. [ALLOCATION OF COSTS; HOSPITAL-ATTACHED FACILITIES.] To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing therapy services to residents of a hospital-attached nursing home, when the services are billed separately from the nursing home's payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report based on the Medicare step-down as prepared in accordance with instructions provided by the commissioner.

Sec. 69. Minnesota Statutes 1986, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing home is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing home may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be offered to all residents and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing home in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing home. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they

were included in the payment rate for the previous reporting year. A nursing home that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing home that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing home may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring an applicant for admission to the home, or the guardian or conservator of the applicant, as a condition of admission, to pay any fee or deposit in excess of \$100, loan any money to the nursing home, or promise to leave all or part of the applicant's estate to the home;

(c) Requiring any resident of the nursing home to utilize a vendor of health care services who is a licensed physician or pharmacist chosen by the nursing home;

(d) Providing differential treatment on the basis of status with regard to public assistance;

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing home, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing home care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately.

The collection and use by a nursing home of financial information of any applicant pursuant to the preadmission screening program established by section 256B.091 shall not raise an inference that the

nursing home is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing home except as payment for renting or leasing space or equipment of the nursing home or purchasing support services, if those from the nursing home as limited by section 256B.433. All agreements are must be disclosed to the commissioner; and upon request of the commissioner. Nursing homes and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

The prohibitions set forth in clause (b) shall not apply to a retirement home with more than 325 beds including at least 150 licensed nursing home beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) accounts for all of the applicant's assets which are required to be assigned to the home so that only expenses for the cost of care of the applicant may be charged against the account; and

(3) agrees in writing at the time of admission to the home to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and

(4) agrees in writing at the time of admission to the home to permit the applicant to withdraw from the home at any time and to receive, upon withdrawal, the balance of the applicant's individual account.

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing home or boarding care home which is in violation of this section if extreme

hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing home to correct the violation. The nursing home shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing home by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation, and shall remain in effect until the violation is corrected. The nursing home or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing home is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing home to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing home.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 70. Minnesota Statutes 1986, section 256B.48, subdivision 6, is amended to read:

Subd. 6. [MEDICARE CERTIFICATION.] All nursing homes certified as skilled nursing facilities under the medical assistance program shall participate in medicare part A and part B unless, after submitting an application, medicare certification is denied by the federal health care financing administration. Medicare review shall be conducted at the time of the annual medical assistance review. Charges for medicare-covered services provided to residents who are simultaneously eligible for medical assistance and medicare must be billed to medicare part A or part B before billing medical assistance. Medical assistance may be billed only for charges not reimbursed by medicare.

Until September 30, 1987, the commissioner of health may grant exceptions from this requirement when a nursing home submits a written request for exception and it is determined that there is sufficient participation in the medicare program to meet the needs of medicare beneficiaries in that region of the state. For the purposes of this section, the relevant region is the county in which the nursing home is located together with contiguous Minnesota counties. There is sufficient participation in the medicare program in a particular region when the proportion of skilled resident days paid by the medicare program is at least equal to the national average based on the most recent figure that can be supplied by the federal health care financing administration. A nursing home that is granted an

exception under this subdivision must give appropriate notice to all applicants for admission that medicare coverage is not available in the nursing home and publish this fact in all literature and advertisement related to the nursing home. A nursing home with 110 to 150 beds which is located within one-half mile of a hospital-attached nursing home with 44 licensed beds which were medicare certified on January 1, 1980, is exempted from this requirement and need not participate in the medicare program as required under this subdivision.

Sec. 71. Minnesota Statutes 1986, section 256B.50, subdivision 2, is amended to read:

Subd. 2. [APPRAISED VALUE; APPEALS BOARD.] (a) Appeals concerning the appraised value of a nursing home's real estate must be heard by a three-person appeal board appointed by the commissioner. The real estate as defined in section 256B.431, subdivision 3, must be appraised using the depreciated replacement cost method.

(b) Members of the appeals board shall be appointed by the commissioner from the list of appraisers approved for state contracts by the commissioner of administration. In making the selection, the commissioner of human services shall ensure that each member is experienced in the use of the depreciated replacement cost method and is free of any personal, political, or economic conflict of interest that may impair the member's ability to function in a fair and objective manner.

(c) The appeals board shall appoint one of its members to act as chief representative and shall examine witnesses when it is necessary to make a complete record. Facts to be considered by the board are limited to those in existence at the time of the appraisal being appealed. The board shall issue a written report regarding each appeal to the commissioner within 30 days following the close of the record. The report must contain findings of fact, conclusions, and a recommended disposition based on a majority decision of the board. A copy of the report must be served upon all parties.

(d) The commissioner shall issue an order adopting, rejecting, or modifying the appeal board's recommendation within 30 days of receipt of the report. A copy of the decision must be served upon all parties.

(e) Within 30 days of receipt of the commissioner's order, the appealing party may appeal to the Minnesota court of appeals. The court's decision is limited to a determination of the appraised value of the real estate and must not include costs assessed against either party. (a) An appeal request concerning the appraised value of a nursing home's real estate as established by an appraisal conducted after July 1, 1986, shall state the appraised value the nursing home believes is correct for the building, land improvements, and attached

equipment and the name and address of the firm with whom contacts may be made regarding the appeal. The appeal request shall include a separate appraisal report prepared by an independent appraiser of real estate which supports the total appraised value claimed by the nursing home. The appraisal report shall be based on an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, must be in a form comparable to that used in the commissioner's appraisal, and must pertain to the same time period covered by the appealed appraisal. The appraisal report shall include information related to the training, experience, and qualifications of the appraiser who conducted and prepared the appraisal report for the nursing home.

(b) A nursing home which has filed an appeal request prior to the effective date of this law concerning the appraised value of its real estate as established by an appraisal conducted before July 1, 1986, must submit to the commissioner the information described under paragraph (a) within 60 days of the effective date of this act in order to preserve the appeal.

(c) An appeal request which has been filed pursuant to the provisions of paragraph (a) or (b) shall be finally resolved through an agreement entered into by and between the commissioner and the nursing home or by the determination of an independent appraiser based upon an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, in a form comparable to that used in the commissioner's appraisal, and pertaining to the same time period covered by the appealed appraisal. The appraiser shall be selected by the commissioner and the nursing home by alternately striking names from a list of appraisers approved for state contracts by the commissioner of administration. The appraiser shall make assurances to the satisfaction of the commissioner and the nursing home that the appraiser is experienced in the use of the depreciated cost method of appraisals and that the appraiser is free of any personal, political, or economic conflict of interest that may impair the ability to function in a fair and objective manner. The commissioner shall pay costs of the appraiser through a negotiated rate for services of the appraiser.

(d) The decision of the appraiser is final and is not appealable. Exclusive jurisdiction for appeals of the appraised value of nursing homes lies with the procedures set out in this subdivision. No court of law shall possess subject matter jurisdiction to hear appeals of appraised value determinations of nursing homes.

Sec. 72. Minnesota Statutes 1986, section 256B.69, subdivision 6, is amended to read:

Subd. 6. [SERVICE DELIVERY.] Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(a) Shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in section 256B.02, subdivision 8, in order to ensure appropriate health care is delivered to enrollees;

(b) Shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

(c) May contract with other health care and social service practitioners to provide services to enrollees; and

(d) Shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

Demonstration providers must comply with the standards for claims settlement under section 72A.20, subdivision 12a, paragraphs (d), (e), (g), and (h) when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a claim within 30 business days of the date of acceptance of the claim.

Sec. 73. Minnesota Statutes 1986, section 256B.69, subdivision 11, is amended to read:

Subd. 11. [APPEALS.] A recipient may appeal to the commissioner a demonstration provider's delay or refusal to provide services. The commissioner shall appoint a panel of health practitioners, including social service practitioners, as necessary to determine the necessity of services provided or refused to a recipient. The deliberations and decisions of the panel replace the administrative review process otherwise available under this chapter 256. The panel shall follow the time requirements and other provisions of the Code of Federal Regulations, title 42, sections 431.200 to 431.246. The time requirements shall be expedited based on request by the individual who is appealing for emergency services. If a service is determined to be necessary and is included among the benefits for which a recipient is enrolled, the service must be provided by the demonstration provider as specified in subdivision 5. The panel's decision is a final agency action that may be appealed under the contested case provisions of chapter 14.

Sec. 74. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 12. [JUDICIAL REVIEW.] A party aggrieved by an order of the panel may appeal the order to the district court of the county responsible for furnishing assistance by serving a written copy of a

notice of appeal upon the commissioner and any adverse party of record within 30 days after the date the panel issued the order and by filing the original notice and proof of service with the court administrator of the district court. Service may be made personally or by mail. Service by mail is complete upon mailing. No filing fee shall be required by the court administrator in appeals taken under this subdivision. The commissioner may elect to become a party to the proceedings in the district court. Any party may demand that the commissioner furnish all parties to the proceedings with a copy of the decision, and a transcript of any testimony, evidence, or other supporting papers from the hearing held before the panel, by serving a written demand on the commissioner within 30 days after service of the notice of appeal.

Sec. 75. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 13. [HEARING.] A party may obtain a hearing at a special term of the district court by serving a written notice of the time and place of the hearing at least ten days before the date of the hearing. The court may consider the matter in or out of chambers and shall take no new or additional evidence unless it determines that the evidence is necessary for a more equitable disposition of the appeal.

Sec. 76. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 14. [APPEAL.] A party aggrieved by the order of the district court may appeal the order as in other civil cases. No costs or disbursements shall be taxed against a party nor shall any filing fee or bond be required of a party.

Sec. 77. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 15. [PAYMENTS PENDING APPEAL.] If the panel or district court orders services paid or provided in any proceeding under this section, it must be paid or provided pending appeal to the district court, court of appeals, or supreme court.

Sec. 78. Minnesota Statutes 1986, section 256B.69, is amended by adding a subdivision to read:

Subd. 16. [PROJECT EXTENSION.] Minnesota Rules, parts 9500.1450; 9500.1451; 9500.1452; 9500.1453; 9500.1454; 9500.1455; 9500.1456; 9500.1457; 9500.1458; 9500.1459; 9500.1460; 9500.1461; 9500.1462; 9500.1463; and 9500.1464 are extended until December 31, 1990.

Sec. 79. Minnesota Statutes 1986, section 256C.26, is amended to read:

256C.26 [EMPLOYMENT SERVICES.]

The commissioner of jobs and training shall include in the biennial plan submitted to the full productivity and opportunity coordinator a method develop a plan to deal with the underemployment of hearing impaired persons. The plan shall provide for training regarding the nature of hearing handicaps for department staff who consult with prospective employers or who provide job placement services.

Sec. 80. Minnesota Statutes 1986, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. [STANDARDS.] (1) A principal objective in providing general assistance is to provide for persons ineligible for federal programs who are unable to provide for themselves. To achieve these aims, the commissioner shall establish minimum standards of assistance for general assistance. The minimum standard of assistance determines the total amount of the general assistance grant without separate standards for shelter, utilities, or other needs.

For a recipient who is a member of a one-person assistance unit, the standard shall not be less than the combined total of the minimum standards of assistance for shelter and basic needs in effect on February 1, 1983. The standards of assistance shall not be lower for a recipient sharing a residence with another person unless that person is a responsible relative. The standards of assistance for recipients who are members of an assistance unit composed of more than one person must be equal to the aid to families with dependent children standard of assistance for a family of similar size and composition.

The standards shall be lowered for recipients who share a residence with a person who is a responsible relative of one or more members of the assistance unit if the responsible relative also receives general assistance or aid to families with dependent children. The standards must also be lowered for recipients who share a residence with a responsible relative if the relative is not receiving general assistance or aid to families with dependent children because the relative has been sanctioned or disqualified. If the responsible relative is receiving general assistance or aid to families with dependent children, or would be receiving them but for sanction or disqualification, then the standard applicable to the general assistance recipient's assistance unit must equal the amount that would be attributable to the members of the assistance unit if the members were included as additional recipients in the responsible relative's general assistance or aid to families with dependent children grant. When determining the amount attributable to members of an

assistance unit that must receive a reduced standard; the amount attributed to adults must be the amount attributed to another child added to the responsible relative's assistance unit. When an assistance unit is subject to a reduced standard, the reduced standard must not exceed the standard that applies to an assistance unit that does not share a residence with a responsible relative.

For recipients, except recipients who are eligible under section 256D.05, subdivision 1, paragraph (a), clauses (1), (7), (8), (9), and (14), who share a residence with a responsible relative who is not receiving general assistance or aid to families with dependent children but who receives other income, the standards shall be lowered, subject to these limitations:

(a) The general assistance grant to the one-person assistance unit shall be in an amount such that total household income is equal to the aid to families with dependent children standard for a household of like size and composition, except that the grant shall not exceed that paid to a general assistance recipient living independently.

(b) Benefits received by a responsible relative under the supplemental security income program, the social security retirement program if the relative was receiving benefits under the social security disability program at the time of becoming eligible for the social security retirement program or if the relative is a person described in section 256D.05, subdivision 1, paragraph (a), clause (1), (7), or (9), the social security disability program, a workers' compensation program, the Minnesota supplemental aid program, or on the basis of the relative's disability, must not be included in the household income calculation.

(2) The commissioner shall set the standard of assistance for an assistance unit consisting of an adult recipient who is childless and unmarried or living apart from his or her children and spouse and who does not live with his or her parent or parents or a legal custodian. When the other standards specified in this subdivision increase, this standard shall also be increased by the same percentage.

(3) For an assistance unit consisting of an adult who is childless and unmarried or living apart from his or her children and spouse, but who lives with his or her parent or parents, the general assistance standard of assistance shall be equal to the amount that the aid to families with dependent children standard of assistance would increase if the recipient were added as an additional minor child to an assistance unit consisting of the recipient's parent and all of that parent's family members, provided that the standard shall not exceed the standard for a general assistance recipient living alone. Benefits received by a responsible relative of the assistance unit under the supplemental security income program, a workers' compensation program, the Minnesota supplemental aid program,

or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the social security retirement program, shall not be counted in the determination of eligibility or benefit level for the assistance unit. An adult child shall be ineligible for general assistance if the available resources or the countable income of the adult child and the parent or parents with whom he or she lives are such that a family consisting of the adult child's parent or parents, the parent or parents' other family members and the adult child as the only or additional minor child would be financially ineligible for general assistance.

(4) For an assistance unit consisting of a married couple who are childless or who live apart from any child or children of whom either of the married couple is a parent or legal custodian, the standards of assistance shall be equal to the first and second adult standards of the aid to families with dependent children program. If one member of the couple is not included in the general assistance grant, then the standard of assistance for the other shall be equal to the second adult standard of the aid to families with dependent children program, except that, when one member of the couple is not included in the general assistance grant because he or she is not categorically eligible for general assistance under section 256D.05, subdivision 1, and has exhausted work readiness eligibility under section 256D.051, subdivision 4 or 5, for the period of time covered by the general assistance grant, then the standard of assistance for the remaining member of the couple shall be equal to the first adult standard of the aid to families with dependent children program.

(5) For an assistance unit consisting of all members of a family, the standards of assistance shall be the same as the standards of assistance applicable to a family under the aid to families with dependent children program if that family had the same number of parents and children as the assistance unit under general assistance and if all members of that family were eligible for the aid to families with dependent children program. If one or more members of the family are not included in the assistance unit for general assistance, the standards of assistance for the remaining members shall be equal to the standards of assistance applicable to an assistance unit composed of the entire family, less the standards of assistance applicable to a family of the same number of parents and children as those members of the family who are not in the assistance unit for general assistance. Notwithstanding the foregoing, if an assistance unit consists solely of the minor children because their parent or parents have been sanctioned from receiving benefits from the aid to families with dependent children program, the standard for the assistance unit shall be equal to the special child standard of the aid to families with dependent children program. A child shall not be excluded from the assistance unit unless income intended for its benefit is received from a federally aided categorical assistance program; supplemental security income; retirement, survivors, and

disability income; other assistance programs; or child support and maintenance payments. The income of a child who is excluded from the assistance unit shall not be counted in the determination of eligibility or benefit level for the assistance unit.

Sec. 81. Minnesota Statutes 1986, section 256D.02, subdivision 5, is amended to read:

Subd. 5. "Family" means two or more individuals who are related by blood, marriage or adoption, who are living in a place or residence maintained by one or more of them as a home, and at least one of whom is a child who is not married to another of such individuals and is in the care of or dependent upon another of such individuals the following persons who live together: a minor child or a group of minor children related to each other as siblings, half siblings, or stepsiblings, together with their natural or adoptive parents, their stepparents, or their legal custodians, and any other minor children of whom an adult member of the family is a legal custodian.

Sec. 82. Minnesota Statutes 1986, section 256D.02, subdivision 8, is amended to read:

Subd. 8. "Income" means any form of income, including remuneration for services performed as an employee and net earnings from self-employment, reduced by the amount attributable to employment expenses as defined by the commissioner. The amount attributable to employment expenses shall include amounts paid or withheld for federal and state personal income taxes and federal social security taxes.

"Income" includes any payments received as an annuity, retirement, or disability benefit, including veteran's or workers' compensation; old age, survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or other assistance program; rents, dividends, interest and royalties; and support and maintenance payments. Such payments may not be considered as available to meet the needs of any person other than the person for whose benefit they are received, unless that person is under a legal duty to support another a family member or a spouse and the income is not excluded under section 256D.01, subdivision 1a. Goods and services provided in lieu of cash payment shall be excluded from the definition of income, except that payments made for room, board, tuition or fees by a parent, on behalf of a child enrolled as a full-time student in a post-secondary institution, must be included as income.

Sec. 83. Minnesota Statutes 1986, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] Persons eligible for benefits under sections 256D.01 to 256D.21 and persons not eligible for federal health care benefits whose nonexempt property, as determined according to medical assistance standards, has an equity value no greater than \$1,000 and whose income is not in excess of the medical assistance standards shall be eligible for general assistance medical care. Persons with excess income and resources may qualify for benefits under this subdivision by spending down. Treatment of income and resources in calculation of the spenddown shall be the same as in the medical assistance program pursuant to chapter 256B. General assistance medical care may be paid for any person:

(1) who is eligible for assistance under section 256D.05 or 256D.051 and is not eligible for medical assistance under chapter 256B; or

(2) who is a resident of Minnesota; whose income as calculated under chapter 256B is not in excess of the medical assistance standards or whose excess income is spent down pursuant to chapter 256B; and whose equity in resources is not in excess of \$1,000 per assistance unit. Exempt real and liquid assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B.

Eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

Sec. 84. Minnesota Statutes 1986, section 256D.03, is amended by adding a subdivision to read:

Subd. 3a. [CLAIMS; ASSIGNMENT OF BENEFITS.] Claims must be filed pursuant to section 256D.16. General assistance medical care applicants and recipients must apply or agree to apply third party health and accident benefits to the costs of medical care. They must cooperate with the state in establishing paternity and obtaining third party payments. By signing an application for general assistance, a person assigns to the department of human services all rights to medical support or payments for medical expenses from another person or entity on their own or their dependent's behalf and agrees to cooperate with the state in establishing paternity and obtaining third party payments. The application shall contain a statement explaining the assignment. Any rights or amounts assigned shall be applied against the cost of medical care paid for under this chapter. An assignment is effective on the date general assistance medical care eligibility takes effect. The assignment shall not affect benefits paid or provided under automobile accident coverage and private health care coverage until

the person or organization providing the benefits has received notice of the assignment.

Sec. 85. Minnesota Statutes 1986, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) Reimbursement under the general assistance medical care program shall be limited to the following categories of service: inpatient hospital care, outpatient hospital care, services provided by medicare certified rehabilitation agencies, prescription drugs, equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level, eyeglasses and eye examinations provided by a physician or optometrist, hearing aids, prosthetic devices, laboratory and X-ray services, physician's services, medical transportation, chiropractic services as covered under the medical assistance program, podiatric services, and dental care. In addition, payments of state aid shall be made for day treatment services provided by a mental health center established under sections 245.61 to 245.69, subdivision 1, and funded through chapter 256E and for prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization.

(b) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under section 256B.02, subdivision 8. The rates payable under this section must be calculated according to section ~~256.966, subdivision 2~~ 46, subdivision 4.

(c) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to

remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987 to ~~June 30, 1987~~ March 31, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(d) Any county may, from its own resources, provide medical 5 payments for which state payments are not made.

(e) Chemical dependency services that are reimbursed under Laws 1986, chapter 394, sections 8 to 20, must not be reimbursed under general assistance medical care.

(f) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be

determined from the average usual and customary charge of the same vendor type enrolled in the base year.

Sec. 86. Minnesota Statutes 1986, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Each person or family whose income and resources are less than the standard of assistance established by the commissioner shall be eligible for and entitled to general assistance if the person or family is:

(1) a person who is suffering from a permanent or temporary illness, injury, or incapacity which is medically certified and which prevents the person from obtaining or retaining employment;

(2) a person whose presence in the home on a substantially continuous basis is required because of the certified illness, injury, incapacity, or the age of another member of the household;

(3) a person who has been placed in a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is pursuant to a plan developed or approved by the local agency through its director or designated representative;

(4) a person who resides in a shelter facility described in subdivision 3;

(5) a person who is or may be eligible for displaced homemaker services, programs, or assistance under section 268.96, but only if that person is enrolled as a full-time student;

(6) a person who is unable to secure suitable employment due to inability to communicate in the English language, provided that the person is not an illegal alien, and who, if assigned to a language skills program by the local agency, is participating in that program;

(7) a person not described in clause (1) or (3) who is diagnosed by a licensed physician or licensed consulting psychologist as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(8) a person who has an application pending for the social security disability program or the program of supplemental security income for the aged, blind, and disabled, or who has been terminated from either program and has an appeal from that termination pending;

(9) a person who is unable to obtain or retain employment because advanced age significantly affects the person's ability to seek or engage in substantial work;

(10) a person completing a secondary education program;

(11) a family with one or more minor children; provided that, if all the children are six years of age or older, all the adult members of the family register for and cooperate in the work readiness program under section 256D.051; and provided further that, if one or more of the children are under the age of six and if the family contains more than one adult member, all the adult members except one adult member register for and cooperate in the work readiness program under section 256D.051. The adult members required to register for and cooperate with the work readiness program are not eligible for financial assistance under section 256D.051, except as provided in section 256D.051, subdivision 6, and shall be included in the general assistance grant. If an adult member fails to cooperate with requirements of section 256D.051, the local agency shall not take that member's needs into account in making the grant determination. The time limits of section 256D.051, subdivisions 4 and 5, do not apply to people eligible under this clause;

(12) a person who has substantial barriers to employment, including but not limited to factors relating to work or training history, as determined by the local agency in accordance with permanent or emergency rules adopted by the commissioner after consultation with the commissioner of jobs and training;

(13) a person who is certified by the commissioner of jobs and training before August 1, 1985, as lacking work skills or training or as being unable to obtain work skills or training necessary to secure employment, as defined in a permanent or emergency rule adopted by the commissioner of jobs and training in consultation with the commissioner; or

(14) a person who is determined by the local agency, in accordance with emergency and permanent rules adopted by the commissioner, to be functionally illiterate or learning disabled; or

(15) a child under the age of 18 who is not living with a parent, stepparent, or legal custodian, but only if: the child is legally emancipated or living with an adult with the consent of an agency acting as a legal custodian; the child is at least 16 years of age and the general assistance grant is approved by the director of the local agency or a designated representative as a component of a social services case plan for the child; or the child is living with an adult with the consent of the child's legal custodian and the local agency.

(b) The following persons or families with income and resources that are less than the standard of assistance established by the

commissioner are eligible for and entitled to a maximum of six months of general assistance during any consecutive 12-month period, after registering with and completing six months in a work readiness program under section 256D.051:

(1) a person who has borderline mental retardation; and

(2) a person who exhibits perceptible symptoms of mental illness as certified by a qualified professional but who is not eligible for general assistance under paragraph (a), because the mental illness interferes with the medical certification process; provided that the person cooperates with social services, treatment, or other plans developed by the local agency to address the illness.

In order to retain eligibility under this paragraph, a recipient must continue to cooperate with work and training requirements as determined by the local agency.

Sec. 87. Minnesota Statutes 1986, section 256D.05, is amended by adding a subdivision to read:

Subd. 5. [TRANSFERS OF PROPERTY.] The following provisions govern all transfers of resources relative to the general assistance program:

(a) [TRANSFERS FOR LESS THAN MARKET VALUE.] In determining the resources of an assistance unit, there shall be included any resource or an interest in a resource that was given away, sold, or disposed of for less than fair market value within 12 months preceding application for general assistance or during the period of eligibility.

(b) [PRESUMPTION OF PURPOSE.] Any transaction described in this subdivision shall be presumed to have been for the purpose of establishing eligibility for assistance under chapter 256D, unless the individual involved or other member of the assistance unit offers convincing evidence to show that the transaction was for another purpose only.

(c) [RESOURCE VALUE.] For purposes of this subdivision, the value of the resource shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received.

(d) [PERIOD OF INELIGIBILITY.] For any insufficiently compensated transfer, the period of ineligibility shall be calculated by dividing the resource value by the state standard of assistance for an assistance unit of the size involved. The assistance unit shall remain ineligible until either this fixed period of ineligibility or 12 calendar months has expired, whichever occurs first.

Sec. 88. Minnesota Statutes 1986, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. [WORK REGISTRATION.] A person ~~or~~, family, or married couple whose income and resources are less than the standard of assistance established by the commissioner, but who are not eligible to receive general assistance under section 256D.05, subdivision 1, are eligible for a work readiness program. Upon registration, a registrant is eligible to receive assistance in an amount equal to general assistance under section 256D.05, subdivision 1, for a maximum of six months during any consecutive 12-month period, subject to ~~subdivisions~~ subdivision 3, 4, and 5. The local agency shall pay work readiness assistance in monthly payments beginning at the time of registration.

Sec. 89. Minnesota Statutes 1986, section 256D.051, subdivision 6, is amended to read:

Subd. 6. [LOCAL AGENCY OPTIONS ALLOCATION OF FUNDS FOR PAYMENT OF ADMINISTRATIVE COSTS AND REGISTRANT EXPENSES.] The local agency may, at its option, provide up to \$100 per registrant for direct expenses incurred by the registrant for transportation, clothes, and tools necessary for employment. The local agency may provide an additional \$100 for direct expenses of registrants remaining in the work readiness program for more than two months. After paying direct expenses as needed by individual registrants, the local agency may use any remaining money to provide additional services as needed by any registrant including education, orientation, placement, other work experience, on-the-job training, and other appropriate activities. Subject to the amount appropriated by the legislature, funds must be allocated annually among the counties for payment of administrative costs incurred by the provider of work readiness services and for payment of direct expenses incurred by work readiness registrants. Each county shall be eligible to receive that proportion of the funds available which equals the monthly average number of work readiness participants in the county divided by the monthly average number of work readiness participants in the state for the applicable period. The applicable period for each fiscal year shall be the 12-month period ending March 31 of the prior fiscal year. For purposes of this subdivision, the term participants means individuals receiving work readiness payments and services and general assistance recipients receiving work readiness services.

Sec. 90. Minnesota Statutes 1986, section 256D.051, is amended by adding a subdivision to read:

Subd. 6a. [COUNTY MATCH AND USE OF FUNDS.] Each county shall provide a 25 percent match of the annual state work readiness allocation and may contract with an employment and training service provider to use the funds to pay direct participation

expenses and administrative costs of providing work readiness services. No more than 25 percent of the allocation may be used for administrative costs except that any funds remaining after payment of direct participation expenses may be used for additional administrative costs. Funds may be used for the following direct participation expenses: transportation, clothes, tools, and other necessary work-related expenses. Funds may be used for administrative costs incurred providing the following services: employability assessments and employability development plans, employment search assistance, education, orientation, placement, on-the-job training, and other appropriate activities.

Sec. 91. Minnesota Statutes 1986, section 256D.06, subdivision 1, is amended to read:

Subdivision 1. General assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual, married couple, or family, the total amount equals the applicable standard of assistance established by the commissioner for general assistance. In determining eligibility for and the amount of assistance the local agency shall disregard the first \$50 of earned income per month.

Sec. 92. Minnesota Statutes 1986, section 256D.06, subdivision 1b, is amended to read:

Subd. 1b. [EARNED INCOME SAVINGS ACCOUNT.] In addition to the \$50 disregard required under subdivision 1, the local agency shall disregard an additional earned income up to a maximum of \$150 per month for persons residing in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 and 9530.2500 to 9530.4000, and for whom discharge and work are part of a treatment plan. The additional amount disregarded must be placed in a separate savings account by the eligible individual, to be used upon discharge from the residential facility into the community. A maximum of \$1,000, including interest, of the money in the savings account must be excluded from the resource limits established by section 256D.08, subdivision 1, clause (1). Amounts in that account in excess of \$1,000 must be applied to the resident's cost of care. If excluded money is removed from the savings account by the eligible individual at any time before the individual is discharged from the facility into the community, the money is income to the individual in the month of receipt and a resource in subsequent months. If an eligible individual moves from a community facility to an inpatient hospital setting, the separate savings account is an excluded asset for up to 18 months. During that time, amounts that accumulate in excess of the \$1,000 savings limit must be applied to the patient's cost of care. If the patient continues to be hospitalized at the conclusion of the 18-month period, the entire account must be applied to the patient's cost of care.

Sec. 93. Minnesota Statutes 1986, section 256D.06, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of subdivision 1, a grant of general assistance shall be made to an eligible individual, married couple, or family for an emergency need, as defined in rules promulgated by the commissioner, where the recipient requests temporary assistance not exceeding 30 days if an emergency situation appears to exist and the individual is ineligible for the program of emergency assistance under aid to families with dependent children and is not a recipient of aid to families with dependent children at the time of application hereunder. If a recipient relates facts to the local agency which may be sufficient to constitute an emergency situation, the local agency shall advise the recipient of the procedure for applying for assistance pursuant to this subdivision.

Sec. 94. Minnesota Statutes 1986, section 256D.08, subdivision 1, is amended to read:

Subdivision 1. In determining eligibility of a family, married couple, or individual there shall be excluded the following resources:

(1) Real or personal property or liquid assets which do not exceed those permitted under the federally aided assistance program known as aid to families with dependent children; and

(2) Other property which has been determined, in accordance with and subject to limitations contained in rules promulgated by the commissioner, to be essential to the family or individual as a means of self-support or self-care or which is producing income that is being used for the support of the individual or family. The commissioner shall further provide by rule the conditions for those situations in which property not excluded under this subdivision may be retained by the family or individual where there is a reasonable probability that in the foreseeable future the property will be used for the self-support of the individual or family; and

(3) Payments, made pursuant to litigation and subsequent appropriation by the United States Congress, of funds to compensate members of Indian tribes for the taking of tribal land by the federal government.

Sec. 95. Minnesota Statutes 1986, section 256D.101, is amended to read:

256D.101 [FAILURE TO COMPLY WITH WORK REQUIREMENTS; NOTICE.]

Subdivision 1. [DISQUALIFICATION.] If the local agency determines that a registrant has failed to comply with the requirements of section 256D.051, the local agency shall notify the registrant of the determination. The notification shall be in writing; and shall state the facts that support the local agency's determination. For the first two times in a six-month period that the registrant has failed without good cause to comply with program requirements, the notification shall specify the particular actions that must be taken by the registrant to achieve compliance; shall state that the recipient must take the specified actions by a date certain, which must be at least 15 ten days following the date the notification is mailed or delivered to the registrant; shall explain the ramifications of the registrant's failure to take the required actions by the specified date; and shall advise the registrant that the registrant may request and have a conference with the local agency to discuss the notification. A registrant who fails without good cause to comply with requirements of the program more than two times in a six-month period must be notified of termination.

Subd. 2. [NOTICE OF GRANT REDUCTION, SUSPENSION, OR TERMINATION.] ~~No~~ The notice of grant reduction, suspension, or termination on the ground that a registrant has failed to comply with section 256D.051 shall be given mailed or hand delivered by the local agency until the notification required by subdivision 1 has been given, the time for compliance stated in the notification has lapsed, and the local agency has, subsequent concurrently with the notification required by subdivision 1. Prior to giving the notification, assessed the local agency must assess the registrant's eligibility for general assistance under section 256D.05 to the extent possible using information contained in the case file, and determined determine that the registrant is not eligible under that section. The determination that the registrant is not eligible shall be stated in the notice of grant reduction, suspension, or termination.

Subd. 3. [BENEFITS AFTER NOTIFICATION.] Assistance payments otherwise due to the registrant under section 256D.051 shall not be paid after the notification required in subdivision 1 has been provided to the registrant unless, before the date stated in the notification, the registrant takes the specified action necessary to achieve compliance or, within five days after the effective date stated in the notice, files an appeal of the grant reduction, suspension, or termination. If, by the required date, the registrant does take the specified action necessary to achieve compliance, both the notification required by subdivision 1 and the notice required by subdivision 2 shall be canceled and all benefits due to the registrant shall be paid promptly. If, by the required date, the registrant files an appeal of the grant reduction, suspension, or termination, benefits otherwise due to the registrant shall be continued pending the outcome of the appeal.

Sec. 96. Minnesota Statutes 1986, section 256D.15, is amended to read:

256D.15 [RELATIVE'S RESPONSIBILITY.]

The financial responsibility of a relative for an applicant for or recipient of general assistance or work readiness shall not extend beyond the relationship of a spouse or a parent of an adult child who resides with the parent, or the parent of a minor child regardless of where the minor child resides, or a family member who resides with the applicant or recipient.

Sec. 97. Minnesota Statutes 1986, section 256D.22, is amended to read:

256D.22 [REIMBURSEMENT OF COUNTIES BY STATE RELATING TO PUBLIC ASSISTANCE.]

To the extent of appropriations available therefor, the department of human services shall reimburse counties Subdivision 1. [DISTRIBUTION FORMULA.] Beginning July 1, 1988, and to the extent of appropriations available, the commissioner of human services shall reimburse counties' administrative costs in the following manner:

(a) 50 percent of the available appropriation shall be distributed to counties as reimbursement for up to 50 percent of all salary expenses, approved by the commissioner, incurred and paid by the counties, for which no payment or reimbursement is made by the United States or any subdivision thereof, in administering, and salary administrative costs in providing services in connection with, all public assistance programs.

(b) 25 percent of the available appropriation shall be distributed to counties based on each county's proportionate share of the state's aid to families with dependent children and medical assistance caseloads; provided, however, that each county's share shall be reduced by a direct percentage equal to the sum of that county's percentage of overdue aid to families with dependent children eligibility reviews added to that county's percentage of overdue quarterly asset reviews for medical assistance eligibility, as calculated for the quarter immediately preceding each quarter in which this payment is made. Any money accruing as a result of these reductions shall be rolled over and distributed as provided for in this paragraph during the next quarterly payment.

(c) 25 percent of the available appropriation shall be distributed to counties based on each county's proportionate share of the state's total number of children served under the community social services act as calculated for the quarter immediately preceding each quarter in which this payment is made; provided, however, that a county's share shall be reduced by a direct percentage equal to the county's percentage increase in child out-of-home placement days above the number of child out-of-home placement days for the quarter immediately preceding the quarter in which this payment is calculated.

Any money accruing as a result of reductions in county shares shall be rolled over and distributed as provided in this paragraph during the next quarterly payment.

Subd. 2. [EXCEPTIONS.] No aid under this section shall be paid for salary costs of (a) single-county welfare directors; or (b) fiscal support personnel to the extent involved in the processing of public assistance claims and payments, or their supporting clerical staff; or (c) persons who are not regularly assigned employees of local agencies.

Subd. 3. [CLAIMS.] Claims for reimbursement for expenditures made by the county shall be presented to the department by the respective counties at least four times per year in such manner as the commissioner shall prescribe.

Subd. 4. [DEFINITIONS.] For the purposes of this section, (a) the term "salary" shall include regular compensation not in excess of that paid similarly situated state employees, the employer's cost of health benefits and contributions to the appropriate retirement system, but shall not include travel or other reimbursable expenses. ~~The commissioner shall, pursuant to the administrative procedure act, prior to making any payments, promulgate rules to implement this section;~~ (b) the term "child out-of-home placement days" includes those days when a child is a resident in a regular treatment center, residential treatment facility, juvenile group home, foster home, or temporary emergency shelter home; and (c) the term "child" means a person under 21 years of age.

Sec. 98. Minnesota Statutes 1986, section 256D.37, subdivision 1, is amended to read:

Subdivision 1. (a) For all individuals who apply to the appropriate local agency for supplemental aid, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program.

(b) When a recipient is a resident of a state hospital or a dwelling with a negotiated rate, the recipient is not eligible for a shelter standard, a basic needs standard, or for special needs payments. The state standard of assistance for those recipients is the clothing and personal needs allowance for medical assistance recipients under section 256B.35. Minnesota supplemental aid may be paid to negotiated rate facilities at the rates in effect on March 1, 1985, for services provided under the supplemental aid program to residents of the facility, up to the maximum negotiated rate specified in this section. The rate for room and board for a licensed facility must not

exceed \$800. The maximum negotiated rate does not apply to a facility that, on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690. The following facilities are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until June 30, 1987 such time that an alternative reimbursement system covering services excluding room and board maintenance services is developed by the commissioner:

(1) a facility that only provides services to persons with mental retardation; and

(2) as of January 1, 1987, a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility as of March 1, 1985, and only provides care to persons aged 65 or older provided that no more than 16 percent of the persons in the facility are under age 65. Beginning July 1, 1987, these the facilities under subdivision 1, paragraph (b), clause (1) are subject to applicable supplemental aid limits, and mental retardation facilities must meet all applicable licensing and reimbursement requirements for programs for persons with mental retardation. The negotiated rates may be paid for persons who are placed by the local agency or who elect to reside in a room and board facility or a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, provided the local agency agrees that this care is needed by the person. When Minnesota supplemental aid is used to pay a negotiated rate, the rate payable to the facility must not exceed the rate paid by an individual not receiving Minnesota supplemental aid. To receive payment for a negotiated rate, the dwelling must comply with applicable laws and rules establishing standards necessary for health, safety, and licensure. The negotiated rate limit must be adjusted by the annual percentage change in the urban consumer price index (CPI-U) for Minneapolis-St. Paul as published by the Bureau of Labor Statistics between the previous two Octobers, new series index (1967-100) consumer price index (CPI-U, U.S. City Average) as published by the Bureau of Labor Statistics between the previous two Septembers, or 2.5 percent, whichever is lower; and increases to the rate for each individual facility may not exceed the change in the rate limit. In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, except that the earned income disregard for disabled persons who are not residents of long-term care facilities shall be the same as the earned income disregard available to disabled persons in the supplemental security income program and all actual work expenses shall be deducted when determining the amount of income for the individual. From and after the first of the month in which an

effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 99. Minnesota Statutes 1986, section 257.35, is amended to read:

257.35 [CITATION.]

Sections 257.35 to 257.357 and sections 108 to 116 may be cited as the "Minnesota Indian family preservation act."

Sec. 100. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 3a. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Sec. 101. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 4a. [FAMILY-BASED SERVICES.] "Family-based services" means intensive family-centered services to families primarily in their own home and for a limited time.

Sec. 102. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 8a. [INDIAN ORGANIZATION.] "Indian organization" means an organization providing child welfare services that is legally incorporated as a nonprofit organization, is registered with the secretary of state, and is governed by a board of directors having at least a majority of Indian directors.

Sec. 103. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 11a. [PERMANENCY PLANNING.] "Permanency planning" means the systematic process of carrying out, within a short time, a set of goal-oriented activities designed to help children live in families that offer continuity of relationships with nurturing parents or caretakers, and the opportunity to establish lifetime relationships.

Sec. 104. Minnesota Statutes 1986, section 257.351, is amended by adding a subdivision to read:

Subd. 11b. [PLACEMENT PREVENTION AND FAMILY REUNIFICATION SERVICES.] "Placement prevention and family

reunification services" means services designed to help children remain with their families or to reunite children with their parents.

Sec. 105. Minnesota Statutes 1986, section 257.351, subdivision 15, is amended to read:

Subd. 15. [TRIBAL COURT.] "Tribal court" means a court with federally recognized jurisdiction over child custody proceedings which is either a court of Indian offenses, or a court established and operated under the code or custom of an Indian tribe, or the administrative body of a tribe which is vested with authority over child custody proceedings. Except as provided in section 257.354, subdivision 5, nothing in this chapter shall be construed as conferring jurisdiction on an Indian tribe.

Sec. 106. Minnesota Statutes 1986, section 257.354, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF TRIBAL COURT PLACEMENT ORDERS.] To the extent that any child subject to sections 257.35 to 257.357 is otherwise eligible for social services, orders of a tribal court concerning placement of such child shall have the same force and effect as orders of a court of this state. In any case where the tribal court orders placement through a local social service agency, the court shall provide to the local agency notice and an opportunity to be heard regarding the placement. Determination of county of financial responsibility for the placement shall be determined by the local social service agency and shall be subject to review by the commissioner in accordance with sections 14.01 to 14.69 section 256E.08. Disputes concerning the county of financial responsibility shall be settled in the manner prescribed in section 256D.18, subdivision 4.

Sec. 107. Minnesota Statutes 1986, section 257.354, is amended by adding a subdivision to read:

Subd. 5. The commissioner is hereby authorized to enter into agreements with Indian tribes pursuant to United States Code, title 25, section 1919, respecting care and custody of Indian children and jurisdiction over child custody proceedings, including agreements which may provide for orderly transfer of jurisdiction on a case-by-case basis and agreements which provide for concurrent jurisdiction between the state and an Indian tribe.

Sec. 108. [257.3571] [INDIAN CHILD WELFARE GRANTS.]

Subdivision 1. [PRIMARY SUPPORT GRANTS.] The commissioner shall establish direct grants to Indian tribes and Indian organizations to provide primary support for Indian child welfare programs to implement the Indian family preservation act.

Subd. 2. [SPECIAL FOCUS GRANTS.] The commissioner shall establish direct grants to local social service agencies, tribes, Indian organizations, and other organizations for placement prevention and family reunification services for Indian children.

Subd. 3. [REQUEST FOR PROPOSALS.] The commissioner shall request proposals for primary support for Indian child welfare programs and special focus programs under subdivisions 1 and 2, and specify the information and criteria required.

Sec. 109. [257.3572] [GRANT APPLICATIONS.]

A tribe or Indian organization may apply for primary support grants under section 108, subdivision 1. A local social service agency, tribe, Indian organization, or other social service organization may apply for special focus grants under section 108, subdivision 2. Application may be made alone or in combination with other tribes or Indian organizations.

Sec. 110. [257.3573] [ELIGIBLE SERVICES.]

Subdivision 1. [TYPES OF SERVICES.] (a) Eligible Indian child welfare services provided under primary support grants include:

- (1) placement prevention and reunification services;
- (2) family-based services;
- (3) individual and family counseling;
- (4) access to professional individual, group, and family counseling;
- (5) crisis intervention and crisis counseling;
- (6) development of foster and adoptive placement resources, including recruitment, licensing, and support;
- (7) court advocacy;
- (8) training and consultation to county and private social service agencies regarding the Indian child welfare act and the Minnesota Indian family preservation act;
- (9) advocacy in working with the county and private social service agencies, and activities to help provide access to agency services, including but not limited to 24-hour caretaker and homemaker services, day care, emergency shelter care up to 30 days in 12 months, access to emergency financial assistance, and arrangements to provide temporary respite care to a family for up to 72 hours consecutively or 30 days in 12 months.

(10) transportation services to the child and parents to prevent placement or reunite the family; and

(11) other activities and services approved by the commissioner that further the goals of the Indian child welfare act and the Indian family preservation act, including but not limited to recruitment of Indian staff for local social service agencies and licensed child placing agencies. The commissioner may specify the priority of an activity and service based on its success in furthering these goals.

(b) Eligible services provided under special focus grants include;

(1) permanency planning activities that meet the special needs of Indian families;

(2) teenage pregnancy;

(3) independent living skills;

(4) family and community involvement strategies to combat child abuse and chronic neglect of children;

(5) coordinated child welfare and mental health services to Indian families;

(6) innovative approaches to assist Indian youth to establish better self-image, decrease isolation, and decrease the suicide rate;

(7) expanding or improving services by packaging and disseminating information on successful approaches or by implementing models in Indian communities relating to the development or enhancement of social structures that increase family self-reliance and links with existing community resources;

(8) family retrieval services to help adopted individuals reestablish legal affiliation with the Indian tribe; and

(9) other activities and services approved by the commissioner that further the goals of the Indian child welfare act and the Indian family preservation act. The commissioner may specify the priority of an activity and service based on its success in furthering these goals.

(c) The commissioner shall give preference to programs that use Indian staff, contract with Indian organizations or tribes, or whose application is a joint effort between the Indian and non-Indian community to achieve the goals of the Indian child welfare act and the Minnesota Indian family preservation act. Programs must have input and support from the Indian community.

Subd. 2. [INAPPROPRIATE EXPENDITURES.] Indian child welfare grant money must not be used for:

(1) child day care necessary solely because of employment or training for employment of a parent or other relative with whom the child is living;

(2) foster care maintenance or difficulty of care payments;

(3) residential facility payments;

(4) adoption assistance payments;

(5) public assistance payments for aid to families with dependent children, supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145.911 to 145.922; or

(6) administrative costs for income maintenance staff.

Sec. 111. [257.3574] [CONTINUED LEGAL RESPONSIBILITY OF LOCAL SOCIAL SERVICE AGENCIES.]

The legal responsibility of local social service agencies to provide Indian child welfare services continues, and existing services must not be reduced because of the availability of these funds.

Sec. 112. [257.3575] [PAYMENTS; REQUIRED REPORTS.]

Subdivision 1. [PAYMENTS.] The commissioner shall make grant payments to each approved program in four quarterly installments a year. The commissioner may certify an advance payment for the first quarter of the state fiscal year. Later payments must be made upon receipt by the state of a quarterly report on finances and program activities.

Subd. 2. [QUARTERLY REPORT.] Each quarter, an approved program receiving an Indian child welfare grant shall submit a report to the commissioner that includes:

(1) a detailed accounting of grant money expended during the preceding quarter, specifying expenditures by line item and year to date; and

(2) a description of Indian child welfare activities conducted during the preceding quarter, including the number of clients served and the type of services provided.

The quarterly reports must be submitted no later than 15 days after the end of each quarter of the state fiscal year.

Subd. 3. [FINAL REPORT.] A final evaluation report must be submitted by each approved program. It must include client outcomes, cost and effectiveness in meeting the goals of the Indian family preservation act and permanency planning goals.

Sec. 113. [257.3576] [MONITORING AND EVALUATION.]

The commissioner shall design and implement methods for monitoring the delivery and evaluating the effectiveness of Indian child welfare services funded through these grants.

Sec. 114. [257.3577] [GRANT FORMULA.]

Subdivision 1. [PRIMARY SUPPORT GRANTS.] (a) The amount available for grants established under section 108, subdivision 1, to tribes and Indian organization grants is four-fifths of the total annual appropriation for Indian child welfare grants.

(b) The commissioner shall award tribes at least 70 percent of the amount set in paragraph (a) for primary support grants. Each tribe shall be awarded a base amount of five percent of the total amount set in this paragraph. In addition, each tribe shall be allocated a proportion of the balance of the amount set in this paragraph, less the total base amounts for all reservations. This proportion must equal the ratio of the tribe's on-reservation population to the state's total on-reservation population. Population data must be based on the most recent federal census data according to the state demographer's office.

(c) The commissioner shall award Indian organizations up to 30 percent of the amount set in paragraph (a) for primary support grants. A maximum of four multiservice Indian organizations may be awarded grants under this paragraph. "Multiservice Indian organizations" means Indian organizations recognized by the Indian community as providing a broad continuum of social, educational, or cultural services, including Indian child welfare services designed to meet the unique needs of the Indian communities in Minneapolis, St. Paul, and Duluth. Grants may be awarded to programs that submit acceptable proposals, comply with the goals and the application process of the program, and have budgets that reflect appropriate and efficient use of funds.

Subd. 2. [SPECIAL FOCUS GRANTS.] The amount available for grants established under section 108, subdivision 2, for local social service agencies, tribes, Indian organizations, and other social services organizations is one-fifth of the total annual appropriation for Indian child welfare grants. The maximum award under this subdivision is \$100,000 a year for programs approved by the commissioner.

Sec. 115. [257.3578] [UNDISTRIBUTED FUNDS.]

Undistributed funds must be reallocated by the department of human services to any other grant categories established under section 108, subdivision 1 or 2, for the goals of this grant process. Undistributed funds are available until expended.

Sec. 116. [257.3579] [AMERICAN INDIAN ADVISORY TASK FORCE.]

Subdivision 1. [CREATION OF TASK FORCE.] The commissioner shall appoint an American Indian advisory task force to help formulate policies and procedures relating to Indian child welfare services and to make recommendations regarding approval of grants provided under section 108, subdivisions 1 and 2. The task force shall consist of 17 members appointed by the commissioner and must include representatives of each of the 11 Minnesota reservations who are authorized by tribal resolution, one representative from the Duluth Urban Indian Community, three representatives from the Minneapolis Urban Indian Community, and two representatives from the St. Paul Urban Indian Community. Representatives from the urban Indian communities must be selected through an open appointments process under section 15.0597. The task force shall expire on June 30, 1991. The terms, compensation, and removal of American Indian advisory task force members shall be as provided in section 15.059.

Sec. 117. Minnesota Statutes 1986, section 268.0111, subdivision 8, is amended to read:

Subd. 8. [SERVICE PROVIDER.] "Service provider" means a public, private, or nonprofit agency that is capable of providing or administrating one or more of the employment and training services or income maintenance and support services or administering one or more of the programs for which the full productivity and opportunity coordinator has responsibility under this section.

Sec. 118. Minnesota Statutes 1986, section 268.0122, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] The commissioner of jobs and training shall:

(1) administer and supervise all forms of unemployment insurance provided for under federal and state laws that are vested in the commissioner;

(2) administer and supervise all employment and training services assigned to the department of jobs and training under federal or state law;

(3) review and comment on local service unit plans and community investment program plans and, ~~with the concurrence of the coordinator,~~ approve or disapprove the plans;

(4) establish and maintain administrative units necessary to perform administrative functions common to all divisions of the department;

(5) supervise the county boards of commissioners, local service units, and any other units of government designated in federal or state law as responsible for employment and training programs;

(6) establish administrative standards and payment conditions for providers of employment and training services;

(7) act as the agent of, and cooperate with, the federal government in matters of mutual concern, including the administration of any federal funds granted to the state to aid in the performance of functions of the commissioner; and

(8) obtain reports from local service units and service providers for the purpose of evaluating the performance of employment and training services.

Sec. 119. Minnesota Statutes 1986, section 268.0122, subdivision 3, is amended to read:

Subd. 3. [DUTIES AS A STATE AGENCY.] The commissioner shall:

(1) administer the unemployment insurance laws and related programs;

(2) administer the aspects of aid to families with dependent children, general assistance, work readiness, and food stamps that relate to employment and training services, subject to the limitations of federal regulations;

(3) administer wage subsidies and ~~recommend to the coordinator the use of the discretionary portion of wage subsidy appropriations;~~

(4) administer a national system of public employment offices as prescribed by United States Code, title 29, chapter 4B, the Wagner-Peyser Act, and other federal employment and training programs;

(5) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;

(6) enter into agreements with other departments of the state and local units of government as necessary;

(7) certify competent service providers and, ~~with the concurrence of the coordinator,~~ decertify service providers that fail to comply with performance criteria according to standards established by the coordinator commissioner;

(8) provide consistent, integrated employment and training services across the state;

(9) establish the standards for all employment and training services administered under this chapter;

(10) develop standards for the contents and structure of the county plans;

(11) provide current state and substate labor market information and forecasts, in cooperation with other agencies;

~~(12) prepare a plan and submit it to the coordinator in each even-numbered year, according to standards established by the coordinator, for use in developing a statewide employment and training plan;~~

~~(13)~~ (12) identify underserved populations, unmet service needs, and funding requirements;

~~(14)~~ (13) consult with the council for the blind on matters pertaining to programs and services for the blind and visually impaired; and

~~(15)~~ (14) submit to the governor, ~~the coordinator,~~ the commissioners of human services and finance, and the chairs of the senate finance and house appropriations committees a semiannual report that:

(a) reports, by client classification, an unduplicated count of the kinds and number of services furnished through each program administered or supervised by the department or coordinated with it;

(b) reports on the number of job openings listed, developed, available, and obtained by clients;

(c) identifies the number of cooperative agreements in place, the number of individuals being served, and the kinds of service provided them;

(d) evaluates the performance of services, such as wage subsidies, community investments, work readiness, and grant diversions; and

(e) explains the effects of current employment levels, unemployment rates, and program performance on the unemployment insurance fund and general assistance, work readiness, and aid to families with dependent children caseloads and program expenditures.

Sec. 120. Minnesota Statutes 1986, section 268.36, is amended to read:

268.36 [REPORT TO THE COORDINATOR AND THE LEGISLATURE.]

The commissioner, after consultation with the local service units and providers of employment and training services, shall evaluate the effectiveness of youth employment programs, taking into account the extent of all programs which are providing summer employment opportunities for youth, and shall report to the coordinator and the legislature no later than January 15 of each even-numbered year with an evaluation of this and other programs and any recommendations for improvements.

Sec. 121. Minnesota Statutes 1986, section 268.37, subdivision 3, is amended to read:

Subd. 3. The commissioner shall promulgate emergency rules as necessary to administer the grants program and shall promulgate permanent rules by July 1, 1980. The rules shall describe: (a) procedures for the administration of grants, (b) data to be reported by grant recipients, and (c) other matters the commissioner finds necessary for the proper administration of the grant program including compliance with relevant federal regulations. Weatherization assistance shall be given to households where the total income does not exceed ~~125~~ 135 percent of the poverty level as updated by the federal office of management and budget poverty guidelines. The commissioner must require that a rental unit weatherized under this section be rented to a household meeting the income limits of the program for 24 of the 36 months after weatherization is complete. In applying this restriction to multiunit buildings weatherized under this section, the commissioner shall require that occupancy continue to reflect the proportion of eligible households in the building at the time of weatherization. The commissioner shall report by February 1, 1988, to the chair of the health and human services divisions of the house appropriations and senate finance committees all steps taken to implement the requirement restricting rental of weatherized units to eligible households.

Sec. 122. Minnesota Statutes 1986, section 268.673, is amended by adding a subdivision to read:

Subd. 4a. [CONTRACTS WITH SERVICE PROVIDERS.] The commissioner shall contract directly with a certified local service provider to deliver wage subsidies if (1) each county served by the provider agrees to the contract and knows the amount of wage subsidy money allocated to the county under section 268.6751, and (2) the provider agrees to meet regularly with each county being served.

Sec. 123. Minnesota Statutes 1986, section 268.673, subdivision 5, is amended to read:

Subd. 5. [REPORT.] Each eligible local service unit entity delivering wage subsidies shall report to the commissioner and the coordinator on a quarterly basis:

(1) the number of persons employed placed in private sector jobs, in temporary public sector jobs, or in other services;

(2) the outcome for each participant placed in a private sector job, in a temporary public sector job, or in another service;

(3) the number and type of employers employing persons under the program;

(4) the amount of money spent in each eligible local service unit for wages for each type of employment and each type of other expense;

(5) the number age, educational experience, family status, gender, priority group status, race, and work experience of persons who have completed participation each person in the program and their current employment, educational, or training status;

(6) the amount of wages received by persons while in the program and 60 days after completing the program;

(7) for each classification of persons described in clause (5), the outcome of the wage subsidy placement, including length of time employed; nature of employment, whether private sector, temporary public sector, or other service; and the hourly wages; and

(8) any other information requested by the commissioner or the coordinator. Each report must include cumulative information, as well as information for each quarter.

Data collected on individuals under this subdivision are private data on individuals as defined in section 13.02, subdivision 12, except that summary data may be provided under section 13.05, subdivision 7.

Sec. 124. Minnesota Statutes 1986, section 268.6751, is amended to read:

Subdivision 1. [WAGE SUBSIDIES.] Wage subsidy money must be allocated to eligible local service units in the following manner:

(a) The commissioner shall allocate ~~70~~ 92.5 percent of the funds available for allocation to eligible local service units for wage subsidy programs as follows: the proportion of the wage subsidy money available to each eligible local service unit must be based on the number of unemployed persons in the eligible local service unit for the most recent six-month period and the number of work readiness assistance cases and aid to families with dependent children cases in the eligible local service unit for the most recent six-month period.

(b) ~~Thirty Seven and one-half percent of the money available for wage subsidy programs must be allocated at the direction and discretion of the coordinator~~ commissioner to provide jobs for residents of federally recognized Indian reservations. The commissioner shall distribute the discretionary portion of wage subsidy appropriations at the request of the coordinator. For the biennium ending June 30, 1987, up to 25 percent of the discretionary portion of the wage subsidy appropriation may be used to support the office of full productivity and opportunity and the development of an intake, referral, and inventory system. In allocating the remaining discretionary portion of the wage subsidy appropriation, the coordinator shall give priority to eligible local service units that have:

(1) high numbers of farmers who can demonstrate severe household financial need;

(2) demonstrated success in placing public assistance applicants in private sector jobs;

(3) demonstrated need beyond the allocation distributed under paragraph (a);

(4) maximized use of money through coordination with other programs and state, local, and federal agencies, and through the use of matching money from private and nonprofit sources;

(5) demonstrated need to provide special assistance in order to serve unemployed persons who incur unusual costs such as necessary relocation expenses; or

(6) areas with high unemployment rates.

(c) By December 31 of each fiscal year, providers and local service units receiving wage subsidy money shall report to the commis-

sioner on the use of allocated funds. The commissioner shall reallocate uncommitted funds for each fiscal year according to the formula in paragraph (a).

Subd. 2. [EMERGENCY WAGE SUBSIDIES.] (a) The ~~coordinator~~ commissioner shall monitor local and statewide unemployment rates. Upon determining that an economic emergency exists in one or more local service units, the ~~coordinator~~ commissioner may implement an emergency wage subsidy program and recommend to the governor to pursue ways to increase the wage subsidy money available to local service units in the affected area or areas from sources other than the appropriation allocated under subdivision 1.

(b) When the unemployment rate for the state of Minnesota equals or exceeds nine percent, the ~~coordinator~~ commissioner shall implement a statewide emergency wage subsidy program and shall recommend to the governor to pursue ways to increase money available for wage subsidies.

Sec. 125. Minnesota Statutes 1986, section 268.676, is amended to read:

268.676 [ALLOCATION WITHIN ELIGIBLE LOCAL SERVICE UNITS; PRIORITIES AMONG APPLICANTS; EMPLOYERS.]

Subdivision 1. [AMONG JOB APPLICANTS.] ~~Allocation~~ At least 80 percent of funds allocated among eligible job applicants within an eligible local service unit shall give priority statewide must be allocated to:

- (1) applicants living in households with no other income source;
- (2) applicants whose incomes and resources are less than the standards for eligibility for general assistance or work readiness;
- (3) applicants who are eligible for aid to families with dependent children; and
- (4) applicants who live in a farm household who demonstrate severe household financial need.

Subd. 2. [AMONG EMPLOYERS.] Allocation of funds among eligible employers within an eligible local service unit shall give priority to funding private sector jobs to the extent that eligible businesses apply for funds. If possible, no more than 25 percent of the statewide funds available for wages may be allocated for temporary jobs with eligible government and nonprofit agencies, or for temporary community investment program jobs with eligible government agencies during the biennium. This subdivision does not

apply to jobs for residents of federally recognized Indian reservations.

Sec. 126. Minnesota Statutes 1986, section 268.677, subdivision 1, is amended to read:

Subdivision 1. To the extent allowable under federal and state law, wage subsidy money must be pooled and used in combination with money from other employment and training services or income maintenance and support services. At least 75 percent of the money appropriated for wage subsidies must be used to pay wages for eligible job applicants. For each eligible job applicant employed, the maximum state contribution from any combination of public assistance grant diversion and employment and training services governed under this chapter, including wage subsidies, is \$4 per hour for wages and \$1 per hour for fringe benefits. ~~In addition, The use of wage subsidies are~~ is limited as follows:

(a) For each eligible job applicant placed in private or nonprofit employment, the state may subsidize wages for a maximum of 1,040 hours over a period of 26 weeks. Employers are encouraged to use money from other sources to provide increased wages to applicants they employ.

(b) For each eligible job applicant participating in a job training program and placed in private sector employment, the state may subsidize wages for a maximum of 1,040 hours over a period of 52 weeks.

(c) For each eligible job applicant placed in a community investment program job, the state may provide wage subsidies for a maximum of 780 hours over a maximum of 26 weeks. For an individual placed in a community investment program job, the county share of the wage subsidy shall be 25 percent. Counties may use money from sources other than public assistance and wage subsidies, including private grants, contributions from nonprofit corporations and other units of government, and other state money, to increase the wages or hours of persons employed in community investment programs.

(d) Notwithstanding the limitations of paragraphs (a) and (b), money may be used to provide a state contribution for wages and fringe benefits in private sector jobs for eligible applicants who had previously held temporary jobs with eligible government and nonprofit agencies or who had previously held community investment program jobs for which a state contribution had been made, and who are among the priority groups established in section 268.676, subdivision 1. The use of money under this paragraph shall be for a maximum of 1,040 hours over a maximum period of 26 weeks per job applicant.

Sec. 127. Minnesota Statutes 1986, section 268.678, subdivision 1, is amended to read:

Subdivision 1. [GENERAL POWERS.] Eligible local service units have the powers and duties given in this section and any additional duties given by ~~the coordinator or the commissioner~~.

Sec. 128. Minnesota Statutes 1986, section 268.678, subdivision 4, is amended to read:

Subd. 4. [CONTRACTS.] Each eligible local service unit that has not agreed to a contract under section 122, may enter into contracts with certified service providers to deliver wage subsidies.

Sec. 129. Minnesota Statutes 1986, section 268.681, is amended by adding a subdivision to read:

Subd. 1a. [LIMITATIONS; TYPE OF EMPLOYERS.] (a) Manufacturing businesses, nonretail businesses that meet the definition of small business in section 645.445, or businesses that export products out of the state may receive wage subsidies.

(b) Businesses not described in paragraph (a) may receive wage subsidies only if the eligible local service unit or its contractor determines that no private sector jobs are available to job applicants in the businesses described in paragraph (a).

Sec. 130. Minnesota Statutes 1986, section 268.681, subdivision 2, is amended to read:

Subd. 2. [PRIORITIES.] In allocating funds among eligible businesses, the eligible local service unit or its contractor shall give priority to businesses which best satisfy the following criteria:

- (a) have a high potential for growth and long-term job creation;
- (b) are labor intensive;
- (c) meet the definition of a small business as defined in section 645.445;
- (d) make high use of local and Minnesota resources;
- (e) are under ownership of women and minorities;
- (f) make high use of new technology;
- (g) produce energy conserving materials or services or are involved in development of renewable sources of energy; and

(h) have their primary place of business in Minnesota; and

(i) are nonretail businesses.

Sec. 131. Minnesota Statutes 1986, section 268.871, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY AND CERTIFICATION.] Unless prohibited by federal law or otherwise determined by state law ~~or the coordinator~~, a local service unit is responsible for the delivery of employment and training services. After February 1, 1986, employment and training services must be delivered by public, nonprofit, or private service providers that are certified to provide the services.

Sec. 132. Minnesota Statutes 1986, section 268.88, is amended to read:

268.88 [LOCAL SERVICE UNIT PLANS.]

(a) Local service units shall prepare and submit to the commissioner by October 15 of each year an annual plan for the subsequent calendar year. The commissioner shall notify each local service unit by December 1 of each year if its plan has been approved or disapproved. The plan must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;

(3) a statement of whether the goals from the preceding year were met and an explanation if the local service unit failed to meet the goals;

(4) the amount proposed to be allocated to each employment and training service;

(5) the proposed types of employment and training services the local service unit plans to utilize;

(6) a report on the use of wage subsidies, grant diversions, community investment programs, sliding fee day care, and other services administered under this chapter;

(7) an annual update of the community investment program plan according to standards established by the commissioner; and

(8) a performance review of service providers delivering employment and training services.

(b) In counties with a city of the first class, the county and the city shall develop and submit a joint plan. The plan may not be submitted until agreed to by both the city and the county. The plan must provide for the direct allocation of employment and training money to the city and the county unless waived by either. If the county and the city cannot concur on a plan, the ~~coordinator~~ commissioner shall resolve their dispute.

(c) The commissioner may withhold the distribution of employment and training money from a local service unit that does not submit a plan to the commissioner by the date set by this section, and shall withhold the distribution of employment and training money from a local service unit whose plan has been disapproved by the ~~coordinator~~ commissioner until an acceptable amended plan has been submitted.

(d) For 1985, local service unit plans must be submitted by November 1, 1985 and must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;

(3) the amount proposed to be allocated to each employment and training service;

(4) the proposed employment and training services and service providers the local service unit plans to utilize; and

(5) a statement of intent regarding the establishment of either a community investment program or an employment experience program.

If the local service unit provides a statement of intent for the establishment of a community investment program under clause (5), the local service unit must submit a preliminary community investment program plan by February 1, 1986.

Sec. 133. Minnesota Statutes 1986, section 268.89, subdivision 2, is amended to read:

Subd. 2. [BIENNIAL PLAN.] The commissioner shall recommend to the governor the priorities, performance standards, and special projects that are consistent with the coordinator's biennial plan.

Sec. 134. Minnesota Statutes 1986, section 268.91, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF COMMISSIONER.] The commissioner shall develop standards for county boards to provide child care services to enable eligible families to participate in employment or training programs. The commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The commissioner shall require counties to collect and report data that the commissioner deems necessary to evaluate the effectiveness of the program in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children. ~~The commissioner shall report to the full productivity and opportunity coordinator in each even-numbered year on the effectiveness of the program.~~

Sec. 135. Minnesota Statutes 1986, section 393.07, subdivision 10, is amended to read:

Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate. The commissioner shall report on the monitoring activities on a county-by-county basis in a report presented to the legislature by July 1 each year. This monitoring activity shall be separate from the management evaluation survey sample required under federal regulations.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food

stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) The county welfare board shall participate in a food stamp quality control system subject to the supervision of the commissioner of human services and pursuant to federal regulations.

Any A person who commits any of the following acts is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2), and (5) has violated section 256.98 and is subject to both the criminal and civil penalties provided under that section:

(1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or intentional concealment of a material fact, food stamps to which the person is not entitled or in an amount greater than that to which that person is entitled; or

(2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

(3) Willfully uses or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law.

The amount of food stamps incorrectly issued shall be the difference between the amount of food stamps actually received and the amount to which the recipient would have been entitled under state and federal law had the welfare agency been informed of all material facts. The amount of any food stamps determined to have been incorrectly issued, used, transferred or presented shall, unless otherwise determined by the county welfare board in order to prevent undue hardship, be recoverable from the recipient, or user, or the recipient's or user's estate by the county as a debt due the county.

Sec. 136. Minnesota Statutes 1986, section 524.3-1201, is amended to read:

524.3-1201 [COLLECTION OF PERSONAL PROPERTY BY AFFIDAVIT.]

(a) Thirty days after the death of a decedent, any person indebted to the decedent or having possession of tangible personal property or an instrument evidencing a debt, obligation, stock or chose in action belonging to the decedent shall make payment of the indebtedness or deliver the tangible personal property or an instrument evidencing a debt, obligation, stock or chose in action to a person claiming to be the successor of the decedent, including a county agency with

a claim authorized by section 256B.15, upon being presented a certified death certificate of the decedent and an affidavit, in duplicate, made by or on behalf of the successor stating that:

(1) the value of the entire probate estate, wherever located, less liens and encumbrances, does not exceed \$5,000;

(2) 30 days have elapsed since the death of the decedent;

(3) no application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction; and

(4) the claiming successor is entitled to payment or delivery of the property.

(b) A transfer agent of any security shall change the registered ownership on the books of a corporation from the decedent to the successor or successors upon the presentation of an affidavit as provided in subsection (a).

Sec. 137. [TRAINING OF WELFARE FRAUD PROSECUTORS.]

The commissioner of human services shall, to the extent an appropriation is provided for this purpose, contract with the county attorney's council or other public or private entity experienced in providing training for prosecutors to conduct quarterly workshops and seminars focusing on current aid to families with dependent children program issues, other income maintenance program changes, recovery issues, alternative sentencing methods, use of technical aids for interviews and interrogations, and other matters affecting prosecution of welfare fraud cases.

Sec. 138. [TRAINING OF WELFARE FRAUD INVESTIGATORS.]

The commissioner of human services shall, to the extent an appropriation is provided for this purpose, establish a pilot project for further education and training of welfare fraud investigators. The commissioner may enter into contractual agreements with other state, federal, or county agencies as part of cooperative projects employing experienced investigators to provide on-the-job training to county investigators.

Sec. 139. [STAFFING.]

A position is established in the assistance payments division, department of human services, to undertake the training initiatives required of the department. This position may also be utilized to

assist in fraud control initiatives which the department may undertake.

Sec. 140. [LOW-LEVEL IONIZING RADIATION REPORTS.]

The commissioner of health shall transmit to the governor and the legislature no later than December 31, 1987, the major reports on human health effects of low-level ionizing radiation. The reports shall include current research data on:

(1) data and risk coefficients relating to ionizing radiation effects of occupational exposure, on human fetuses, and on the general public; and

(2) the worldwide effects to the public health of the radioactive emissions resulting from the Chernobyl accident in April, 1986.

Sec. 141. [STUDY AND REPORT.]

The interagency board for quality assurance shall study the following issues and report to the legislature by December 15, 1988, on its findings and recommendations:

(1) the advisability of changing the definition of "hardship" for purposes of the nursing home moratorium;

(2) the advisability of defining the need for nursing home beds in terms of the population aged 75 and older; and

(3) the existence of a geographic maldistribution of long-term care beds and alternative care services in the state.

Sec. 142. [STUDY.]

The commissioner of human services, with the assistance of the commissioner of veterans affairs, shall study the possibility of using the resources of the regional treatment centers system to provide care for veterans. The commissioner shall develop recommendations based on the study and report the recommendations to the legislature by January 1, 1988.

The study must include an assessment of need for the care, the costs of the care, and the impact of providing the care on treatment center residents. If the commissioner recommends conversion of a specific site, the study must analyze the impact of conversion on residents, employees, and communities affected by the recommendation.

Sec. 143. [COMMISSION TO DEVELOP PLAN.]

Subdivision 1. [PLAN FOR ALLOCATION.] The legislative coordinating commission, as created in section 3.30, shall develop a plan for allocation of the money appropriated under subdivision 4.

Subd. 2. [ENERGY CONSERVATION PLAN.] The legislative coordinating commission shall appoint a task force of no more than 20 members. The task force shall include representatives of government; individuals, nonprofit organizations, or community groups that have an interest in low income weatherization; and other community groups selected by the legislative coordinating commission. The task force shall prepare and recommend to the commission an energy conservation allocation plan allocating the money appropriated under subdivision 4. The commission may amend the plan as necessary, shall approve the final version of the plan, and shall allocate the appropriated money according to the plan and this section. The commission shall allocate the money to activities that the commission determines are permitted under any applicable court order and federal statute or rule and that will substantially and measurably reduce the consumption of fossil fuels within the state. Not less than half of the money appropriated under subdivision 4 each year shall be used to maintain low-income energy conservation programs administered by the department of jobs and training and other energy conservation programs.

Subd. 3. [PLAN REVISION.] The energy conservation allocation plan shall be revised and approved quarterly by the legislative coordinating commission in order to allocate any additional funds received since the previous allocation.

Subd. 4. [ALLOCATION OF FUNDS.] Money received before or after the effective date of this section by the governor, the commissioner of finance, or any other state agency as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F. Supp. 586 (D. Kan. 1983) and all other money received after the effective date of this section by any of those entities or agencies, resulting from overcharges by oil companies in violation of federal law, is appropriated to the legislative coordinating commission and shall be allocated as provided in the energy conservation allocation plan approved by the commission.

Sec. 144. [REPEALER.]

Subdivision 1. Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdivision 5; 245.74; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256D.051, subdivisions 11 and 12; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; and 268.0111, subdivision 3, are repealed.

Subd. 2. Minnesota Statutes 1986, section 256D.051, subdivisions 4 and 5, are repealed.

Sec. 145. [EFFECTIVE DATE.]

Sections 6 and 11 are effective on July 1, 1989. Sections 7 to 10, and 32 are effective the day following final enactment. Section 97 is effective July 1, 1988. Section 144, subdivision 2, is effective January 1, 1988.

ARTICLE 3

WELFARE REFORM

Section 1. Minnesota Statutes 1986, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner.

(2) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(3) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(4) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(5) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the

provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(6) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(7) Administer and supervise any additional welfare activities and services as are vested by law in the department.

(8) The commissioner is designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed two four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this

section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs and shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for that program. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects

or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

Sec. 2. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

Subd. 7. [VERIFICATION PROCEDURES.] The commissioner shall form an advisory committee of local agency representatives, state officials, and recipients to recommend and implement ways to reduce verification procedures at the local level. The goal of this effort is to treat clients with dignity and expect client honesty. Verification procedures should be reduced to a minimum at the time of application and increased only as needed.

Sec. 3. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITIONS.] As used in this section the following words have the meanings given them:

(a) "AFDC" means aid to families with dependent children.

(b) "AFDC-UP" means that group of AFDC clients who are eligible for assistance by reason of unemployment as defined by the commissioner under section 256.12, subdivision 14.

(c) "Caretaker" means a parent or eligible adult who is part of the assistance unit that has applied for or is receiving AFDC.

(d) "Employment and training services" means programs, activities, and services related to job training and job placement, including job service programs, job training partnership act programs, wage subsidies, remedial and secondary education programs, post-secondary education programs excluding education leading to an advanced degree, vocational education programs, work incentive programs, work readiness programs, employment search, community work experience programs, displaced homemaker programs, self-employment programs, grant diversion, employment experience programs, youth employment programs, community investment programs, supported work programs, and counseling and support activities necessary to stabilize the caretaker or the family.

(e) "Employment and training service provider" means an administrative entity certified by the commissioner of jobs and training to deliver employment and training services.

(f) "Minor parent" means a caretaker relative who is the parent of the dependent child or children in the assistance unit and who is under the age of 18.

(g) "Priority groups" or "priority caretakers" means recipients of AFDC or AFDC-UP designated as priorities for employment and training services under section 4.

Sec. 4. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 2a. [PRIORITY GROUPS.] Priority for participation in employment and training services under this section must be given to caretakers who:

(1) are under the age of 22;

(2) have not received a high school diploma or general equivalency diploma; or

(3) have received 24 months or more of AFDC over the last 36 months.

Sec. 5. Minnesota Statutes 1986, section 256.736, subdivision 3, is amended to read:

Subd. 3. [OPERATION OF PROGRAMS REGISTRATION.] To determine who shall be designated as an appropriate individual for certification for employment and training services, the commissioner of jobs and training shall provide, by rule, standards for county boards consistent with the standards promulgated by the secretary of health and human services. County boards shall certify appropriate individuals for employment and training services, shall notify the commissioner of human services, and shall require that every individual certified, as a condition of receiving aid to families with dependent children, register for employment services, training, and employment, unless such individual is: (a) To the extent permissible under federal law, every caretaker or child is required to register for employment and training services, as a condition of receiving AFDC, unless the caretaker or child is:

(1) a child who is under age 16, a child age 16 or 17 who is attending elementary or secondary school or a secondary level vocational or technical school full time, or a full-time student age 18 who is attending a secondary school or a secondary level vocational or technical program and who is expected to complete the school or program before reaching age 19;

(2) a person caretaker who is ill, incapacitated or of advanced age 55 or older;

(3) a person so remote from caretaker for whom participation in an employment and training service and where transportation is not reasonably available that effective participation is precluded would require a round trip commuting time by available transportation of more than two hours;

(4) a person caretaker whose presence in the home is required because of illness or incapacity of another member of the household;

(5) a parent caretaker or other caretaker relative of a child under the age of six who personally provides full-time care for the child;

(6) a parent or other caretaker if another adult relative in the assistance unit is registered and has not, without good cause, failed or refused to participate or accept employment;

(7) a pregnant woman in the last trimester of pregnancy; or

(8) a parent who is not the principal earner if the parent who is the principal earner is not exempt under clauses (1) to (7).

Any individual referred to in clauses (3) and (5) to (8) must be advised of the option to register for any available employment services, and training services, and employment if the individual so desires, and must be informed of the any available child care and other support services available if the individual decides to register.

If, after planning with a recipient a decision is made that the recipient must register for employment services, training, and employment, the county board shall notify the recipient in writing of the need to register for participation in an employment and training service and that the recipient (b) To the extent permissible by federal law, applicants for benefits under the AFDC program are registered for employment and training services by signing the application form. Applicants must be informed that they are registering for employment and training services by signing the form. Persons receiving benefits on the effective date of this section shall register for employment and training services to the extent permissible by federal law. The caretaker has a right to a fair hearing under section 256.045 with respect to the appropriateness of the registration.

Sec. 6. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 3a. [PARTICIPATION.] Caretakers in priority groups must participate in employment and training services under this section to the extent permissible under federal law. However, no assistance unit may be sanctioned for a caretaker's failure to participate in employment and training services under this section if failure

results from inadequate funding for employment and training services.

Sec. 7. Minnesota Statutes 1986, section 256.736, subdivision 4, is amended to read:

Subd. 4. [CONDITIONS OF CERTIFICATION.] The commissioner of human services shall:

(1) Arrange for or provide any relative or child caretaker required to ~~register for~~ participate in employment and training services pursuant to this section with child-care services, transportation, and other necessary family services;

(2) Pay ten percent of the cost of the work incentive program and any other costs that are required of that agency by federal regulation for employment and training services for recipients of aid to families with dependent children;

(3) Provide that in determining a recipient's needs any monthly incentive training payment made to the recipient by the department of jobs and training is disregarded and the additional expenses attributable to participation in a program are taken into account in grant determination to the extent permitted by federal regulations; and

(4) Provide that when it has been certified by the ~~commissioner of jobs and training~~, certification to be binding upon the ~~commissioner of human services~~ county board, that a relative or child certified under caretaker required to participate in an employment and training program to the commissioner of jobs and training has been found by the ~~commissioner~~, after a hearing conducted in the manner prescribed by section 268.10, subdivision 3, with the right of review in accordance with the provisions of section 268.10, subdivision 8, employment and training service provider to have refused without good cause to participate in appropriate employment and training services or to have refused without good cause to accept a bona fide offer of public or other employment, the county board shall provide that:

(a) If the relative caretaker makes the refusal, the relative's caretaker's needs shall not be taken into account in making the grant determination, and aid for any dependent child in the family will be made in the form of protective or vendor payments, except that when protective payments are made, the local agency may continue payments to the relative caretaker if a protective payee cannot reasonably be found.

(b) Aid with respect to a dependent child will be denied if a child who makes the refusal is the only child receiving aid in the family.

(c) If there is more than one child receiving aid in the family, aid for the child who makes the refusal will be denied and the child's needs will not be taken into account in making the grant determination.

(d) If the assistance unit's eligibility is based on the nonexempt principal earner's unemployment and this principal earner fails or refuses without good cause to participate or to accept employment, the entire assistance unit is ineligible for benefits under sections 256.72 to 256.87, ~~if the family is subject to requirements of the work incentive program.~~

Sec. 8. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 4a. [NOTICE AND RIGHT OF APPEAL.] The employment and training service provider shall notify the county board of a caretaker's failure without good cause to cooperate or accept employment. Any determination, action, or inaction on the part of the county board relating to a caretaker's participation under section 256.736, is subject to the notice and hearing procedures in section 256.045, and Code of Federal Regulations, title 45, section 205.10.

Sec. 9. Minnesota Statutes 1986, section 256.736, subdivision 6, is amended to read:

Subd. 6. [PROTECTION FROM GARNISHMENT.] Earnings of a recipient caretaker while participating in full or part-time employment or training shall be protected from garnishment. This protection shall extend for a period of six months from the date of termination of a recipient's caretaker's grant of assistance.

Sec. 10. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 10. [COUNTY DUTIES.] To the extent of available state appropriations, county boards shall:

(1) refer all priority caretakers required to register under subdivision 3 to an employment and training service provider for participation in employment and training services;

(2) identify to the employment and training service provider caretakers who fall into the priority groups;

(3) provide all caretakers with an orientation which (a) gives information on available employment and training services and support services, and (b) encourages clients to view AFDC as a temporary program providing grants and services to clients who set

goals and develop strategies for supporting their families without AFDC assistance;

(4) work with the employment and training service provider to encourage voluntary participation by caretakers in the priority groups;

(5) work with the employment and training service provider to collect data as required by the commissioner;

(6) to the extent permissible under federal law, require all caretakers coming into the AFDC program to attend orientation;

(7) encourage nonpriority caretakers to develop a plan to obtain self-sufficiency;

(8) notify the commissioner of the caretakers required to participate in employment and training services;

(9) inform appropriate caretakers of opportunities available through the head start program and encourage caretakers to have their children screened for enrollment in the program where appropriate;

(10) provide transportation assistance using the employment special needs fund to caretakers who participate in employment and training programs, with priority for services to caretakers in priority groups; and

(11) ensure that orientation, employment search, and case management services are made available to appropriate caretakers under this section, except that payment for case management services is governed by section 15.

A county board may provide other employment and training services that it considers necessary to help caretakers obtain self-sufficiency.

Sec. 11. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 11. [CASE MANAGEMENT SERVICES.] For clients described in section 4, the case manager shall:

(1) Assess the education, skills, and ability of the caretaker to secure and retain a job which, when added to child support, will support the caretaker's family. The case manager must work with the caretaker in completing this task;

(2) Set goals and develop a timetable for completing education and employment goals. The case manager must work with the caretaker in completing this task. For caretakers who are not literate or who

have not completed high school, the first goal for the caretaker must be to complete literacy training or a general education diploma. Caretakers who are literate and have completed high school shall be counseled to set realistic attainable goals, taking into account the long-term needs of both the caretaker and the caretaker's family;

(3) For minor parents, assess the housing and support systems needed by the caretaker in order to provide the dependent children with adequate parenting. The case manager shall encourage minor parents who are not living with friends or relatives to live in a group home or foster care setting. If minor parents are unwilling to live in a group home or foster care setting or if no group home or foster care setting is available, the case manager shall assess the minor parent's need for training in parenting and independent living skills and shall refer appropriate minor parents to available counseling programs designed to teach needed skills;

(4) Coordinate services such as child care, transportation, and education assistance necessary to enable the caretaker to work toward the goals developed in clause (2). When a client needs child care services in order to attend a Minnesota public college, university or technical institute, the case manager shall contact the appropriate institution to reserve child care funds for the client. A caretaker who needs child care services in order to complete high school or a general education diploma is eligible for child care under section 268.91;

(5) Develop, execute, and monitor a contract between the local agency and the caretaker. The contract must include: (a) specific goals of the caretaker including stated measurements of progress toward each goal; (b) specific services provided by the county agency; and (c) conditions under which the county will withdraw the services provided.

The contract may include other terms as desired or needed by either party. In all cases, however, the case manager must ensure that the caretaker has set forth in the contract realistic goals consistent with the ultimate goal of self-sufficiency for the caretaker's family; and

(6) Develop and refer caretakers to counseling or peer group networks for emotional support while participating in work, education, or training.

Sec. 12. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 12. [CASE MANAGERS.] (a) Counties may directly employ case managers if certified as an employment and training service provider under section 268.0122, or may contract for case management services with a certified employment and training service

provider. Uncertified counties and contracting agencies may provide case management services only if they demonstrate the ability to coordinate employment, training, education, and support services. The commissioner of jobs and training shall determine whether or not an uncertified county or agency has demonstrated such ability.

(b) Counties that employ case managers must ensure that the case managers have the skills and knowledge necessary to perform the variety of tasks described in subdivision 11. Counties that contract with another agency for case management services must specify in the contract the skills and knowledge needed by the case managers. At a minimum, case managers must:

(1) have a thorough knowledge of training, education, and employment opportunities;

(2) have training or experience in understanding the needs of AFDC clients and their families; and

(3) be able to formulate creative individualized contracts.

Sec. 13. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 13. [EMPLOYMENT SEARCH.] (a) The commissioner of human services shall establish an employment search program pursuant to section 402(A)35 of the Social Security Act. The principal wage earner in an AFDC-UP assistance unit must participate in the employment search program within four months of being determined eligible for AFDC-UP unless:

(1) the caretaker is already participating in another approved employment and training service;

(2) the caretaker's employability plan specifies other activities; or

(3) the caretaker is unable to secure employment due to inability to communicate in the English language.

The employment and training service provider shall refer caretakers unable to communicate in the English language to English as a second-language courses.

(b) The employment search program must provide the following services:

(1) an initial period of up to four weeks of job search activities for not more than 32 hours per week. The employment and training service provider shall specify for each participating caretaker the number of weeks and hours of job search to be conducted and shall

report to the county board if the caretaker fails to cooperate with the employment search requirement; and

(2) an additional period of job search following the first period at the discretion of the employment and training service provider. The total of these two periods of job search may not exceed eight weeks.

(c) The employment search program may provide services to non-AFDC-UP caretakers.

Sec. 14. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 14. [REPORTING.] The commissioner of human services, in cooperation with the commissioner of jobs and training shall develop reporting requirements for local agencies and employment and training service providers. The requirements must include information necessary to track recipients as they move between activities and information necessary to evaluate the effectiveness of the services.

Sec. 15. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 15. [STATE SHARE.] (a) The state must pay 75 percent of costs incurred by counties under subdivision 11, except that after July 1, 1988, the commissioner shall adjust the state share to reflect county performance. Factors which the commissioner may consider in adjusting the state share must include, but are not limited to, the following:

(1) percentage of long-term cases leaving the AFDC program after one year, two years, and three years;

(2) percentage of minor parents who finish high school;

(3) percentage of caretakers who are in training or education and are successfully working toward their contracted goals; and

(4) percentage of caretakers leaving the AFDC program.

The commissioner may raise or lower the state share of costs by a maximum of ten percent. A county may appeal a decision of the commissioner.

(b) If the state appropriation is not sufficient to fund the cost of case management services for all caretakers identified in subdivision 2a, the commissioner must define a statewide subgroup of caretakers which includes all caretakers in subdivision 2a, clause (1)

and as many caretakers as possible from subdivision 2a, clauses (2) and (3).

(c) The commissioner shall allocate funds for employment and training services to the counties as follows:

(1) a portion based on the average monthly number of AFDC-UP cases in each county, to be used for the employment search activities described in subdivision 13;

(2) a portion based on the average monthly number of all AFDC cases to be used for the orientation and referral activities described in subdivision 10; and

(3) a portion based on the average monthly number of caretakers receiving AFDC who are under the age of 22 and the average monthly number of AFDC cases open for 24 or more consecutive months. Counties shall use this portion of funds for employment search, job preparedness, and training-related expenses with priority caretakers.

The commissioner shall determine the portion of funds for clauses (1) to (3). Funds shall be allocated at the beginning of each fiscal year, based on the average monthly cases for the 12-month period ending March 31 of the previous fiscal year.

(d) Counties and the department of jobs and training shall bill the commissioner of human services for any expenditures incurred by the county, the county's employment and training service provider, or the department of jobs and training that may be reimbursed by federal money. The commissioner of human services shall bill the United States Department of Health and Human Services for the reimbursement and appropriate the reimbursed money to the county or employment and training service provider that submitted the original bill. The reimbursed money must be used to expand services in this section.

Sec. 16. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 16. [PHASE-IN.] The commissioner shall implement this section on a statewide basis as quickly as possible. The commissioner may phase in changes under the section in any reasonable manner that ensures a unified, statewide coordinated program by no later than December 31, 1988.

Sec. 17. Minnesota Statutes 1986, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide the child with a reasonable subsistence compatible with decency and health. The amount shall be based on the method of budgeting required in Public Law Number 97-35, section 2315, United States Code, title 42, section 602, as amended and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an assistance unit must be budgeted in the normal retrospective cycle. The number of months of ineligibility is determined by dividing the amount of the lump sum income and all other income, after application of the applicable disregards, by the standard of need for the assistance unit. An amount remaining after this calculation is income in the first month of eligibility. If the total monthly income including the lump sum income is larger than the standard of need for a single month the first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. In making its determination the county agency shall disregard the following from family income:

(1) all of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit students for gainful employment as well as all the earned income derived from the job training and partnership act (JTPA) for a dependent child for six calendar months per year, together with unearned income derived from the job training and partnership act;

(2) all educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance;

(3) the first \$75 of each individual's earned income. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) an amount equal to the actual expenditures but not to exceed \$160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed throughout

the month, the commissioner shall prescribe by rule a lesser amount to be disregarded;

(5) thirty dollars plus one-third of the remainder of each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has:

(a) reduced earned income without good cause within 30 days preceding any month in which an assistance payment is made; or

(b) refused without good cause to accept an offer of suitable employment; or

(c) left employment or reduced earnings without good cause and applied for assistance so as to be able later to return to employment with the advantage of the income disregard; or

(d) failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services.

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment.

The disregard of \$30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clauses (5)(a) to (5)(d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under clause (d), the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer applied to income, the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit; and

(7) that portion of an insurance settlements settlement earmarked and used to pay medical bills, to compensate a member of an assistance unit for partial or permanent loss of function or a body part expenses, funeral and burial costs, or to repair or replace insured property.

The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit shall be paid to the assistance unit within 15 days of the collection of such periodic support payments and shall be disregarded in determining the amount of assistance.

Sec. 18. [256.745] [SERVICE DELIVERY IMPROVEMENT PILOT PROJECT.]

Subdivision 1. [STEP.] "STEP" means the strive toward excellence program administered by the department of administration.

Subd. 2. [PILOT PROJECT ESTABLISHED; GOALS.] The service delivery improvement project, consisting of six pilot projects selected under subdivision 4, is established to use STEP productivity improvement technology to achieve the following goals: redesign of employment and training and income maintenance delivery systems as required under Laws 1985, First Special Session chapter 14, article 9; and improvement of the quality and cost effectiveness of employment and training and income maintenance services provided to clients.

Subd. 3. [COMMITTEE.] The commissioner shall establish and select a committee to administer the service delivery improvement project. The committee consists of the commissioner of jobs and training, the commissioner of human services, one member of the senate, one member of the house of representatives, one public member representing the private sector, and other public members considered necessary by the commissioner. The commissioner may reimburse the public members for actual expenses in the same manner and amount as authorized by the commissioner's plan under section 43A.18, subdivision 2.

Subd. 4. [DUTIES.] The committee shall solicit from local service units or consortia of local service units proposals to conduct innovative pilot projects to redesign the employment and training and income maintenance delivery system. By December 1, 1987, the committee shall evaluate the proposals and select six pilot projects to receive training and technical assistance as provided in subdivision 6.

Subd. 5. [EVALUATION.] The committee shall evaluate each proposal based upon the extent to which the proposed pilot project uses STEP productivity improvement technology, addresses the goals set forth under subdivision 2, and involves members of the private sector in joint financing of delivery system innovations.

Subd. 6. [TRAINING AND TECHNICAL ASSISTANCE.] The commissioner shall contract with the department of administration to provide staff training, technical assistance, and detailed periodic reports of the day-to-day operation of a pilot project to affected local service units.

Subd. 7. [COOPERATION OF AGENCIES.] The commissioner of human services and the commissioner of jobs and training shall cooperate fully with local service units undertaking pilot projects under this section. If requested by a local service unit which has had a pilot project selected under subdivision 4, the commissioner shall reduce, to the extent possible, reporting and other requirements which may be applicable under state law to that pilot project.

Sec. 19. Minnesota Statutes 1986, section 256B.06, subdivision 1, is amended to read:

Subdivision 1. Medical assistance may be paid for any person:

(1) who is a child eligible for or receiving adoption assistance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676 under Minnesota Statutes, section 259.40 or 259.431; or

(2) who is a child eligible for or receiving foster care maintenance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676; or

(3) who is eligible for or receiving public assistance under the aid to families with dependent children program, the Minnesota supplemental aid program; or

(4) who is a pregnant woman, as certified in writing by a physician or nurse midwife, and who (a) meets the other eligibility criteria of this section, and (b) would be categorically eligible for assistance under the aid to families with dependent children program if the child had been born and was living with the woman; or

(5) who is a pregnant woman, as certified in writing by a physician or nurse midwife, who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under clause (9) if born and living with the woman; or

(6) who meets the categorical eligibility requirements of the supplemental security income program and the other eligibility requirements of this section; or

(7) who, except for the amount of income or resources, would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children, and who meets the other eligibility requirements of this section; or

(8) who is under 21 years of age and in need of medical care that neither the person nor the person's relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(9) who is an infant less than one year of age born on or after October 1, 1984, whose mother was eligible at the time of birth and who remains in the mother's household. Eligibility under this clause is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility; or

(10) who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(11) who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the rules of the state agency; and

(12) who alone, or together with the person's spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant or recipient as a primary place of residence, together with the contiguous land upon which it is situated. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by the spouse, minor child, or disabled child of any age; or the applicant/recipient is expected to return to the home as a principal residence within six calendar months of entry to the long-term care facility. Certification of expected return to the homestead shall be documented in writing by the attending physician. Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price or unless the commissioner determines that sale of the real estate would cause undue hardship or unless the equity in the real estate when combined with the equity in the homestead totals \$15,000 or less; and

(13) who individually does not own more than \$3,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does not own more than \$6,000 in cash or liquid assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible

individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. For residents of long-term care facilities, the accumulation of the clothing and personal needs allowance pursuant to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. Cash and liquid assets may include a prepaid funeral contract and insurance policies with cash surrender value. The value of the following shall not be included:

(a) the homestead, and (b) one motor vehicle licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e; and

(14) who has or anticipates receiving an annual income not in excess of the income standards by family size used in the aid to families with dependent children program, except that families and children may have an income up to $133\frac{1}{3}$ of the AFDC payment standard, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the rules of the state agency. Notwithstanding any laws or rules to the contrary, in computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Number 94-566, section 503. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred; and

(15) who has continuing monthly expenses for medical care that are more than the amount of the person's excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of human services, is to be applied to the cost of institutional care. The commissioner of human services may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care; and

(16) who has applied or agrees to apply all proceeds received or receivable by the person or the person's spouse from automobile accident coverage and private health care coverage to the costs of medical care for the person, the spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter.

Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 20. Minnesota Statutes 1986, section 268.0122, subdivision 3, is amended to read:

Subd. 3. [DUTIES AS A STATE AGENCY.] The commissioner shall:

(1) administer the unemployment insurance laws and related programs;

(2) administer the aspects of aid to families with dependent children, general assistance, work readiness, and food stamps that relate to employment and training services, subject to the limitations of federal regulations contract under section 268.86, subdivision 2;

(3) administer wage subsidies and the discretionary training and retraining fund, and recommend to the coordinator the use of the discretionary portion of wage subsidy appropriations;

(4) administer a national system of public employment offices as prescribed by United States Code, title 29, chapter 4B, the Wagner-Peyser Act, and other federal employment and training programs;

(5) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;

(6) enter into agreements with other departments of the state and local units of government as necessary;

(7) certify competent employment and training service providers and, with the concurrence of the coordinator, decertify service providers that fail to comply with performance criteria according to standards established by the coordinator;

(8) provide consistent, integrated employment and training services across the state;

(9) establish the standards for all employment and training services administered under this chapter;

(10) develop standards for the contents and structure of the county local service unit plans;

(11) provide current state and substate labor market information and forecasts, in cooperation with other agencies;

(12) prepare a plan and submit it to the coordinator in each even-numbered year, according to standards established by the coordinator, for use in developing a statewide employment and training plan;

(13) identify underserved populations, unmet service needs, and funding requirements;

(14) consult with the council for the blind on matters pertaining to programs and services for the blind and visually impaired; and

(15) submit to the governor, the coordinator, the commissioners of human services and finance, and the chairs of the senate finance and house appropriations committees a semiannual report that:

(a) reports, by client classification, an unduplicated count of the kinds and number of services furnished through each program administered or supervised by the department or coordinated with it;

(b) reports on the number of job openings listed, developed, available, and obtained by clients;

(c) identifies the number of cooperative agreements in place, the number of individuals being served, and the kinds of service provided them;

(d) evaluates the performance of services, such as wage subsidies, community investments, work readiness, and grant diversions; and

(e) explains the effects of current employment levels, unemployment rates, and program performance on the unemployment insurance fund and general assistance, work readiness, and aid to families with dependent children caseloads and program expenditures.

Sec. 21. Minnesota Statutes 1986, section 268.85, subdivision 2, is amended to read:

Subd. 2. [ORDER OF PRIORITY.] (a) The priority for services to be provided is:

(1) permanent, unsubsidized, full-time private or nonprofit sector employment and, where possible, in conjunction with targeted jobs tax credits as defined at United States Code, title 26, section 44B, as amended by Public Law Number 98-369, with highest priority to employment with paid medical benefits;

- (2) permanent, subsidized, full-time private sector employment;
- (3) permanent, subsidized, full-time nonprofit sector employment;
- (4) training;
- (5) relocation, except that relocation is considered only when a client can find affordable housing near the new location; and
- (6) part-time, subsidized, nonprofit, or public employment with continued employment assistance.

(b) Individuals receiving any of the priority services in paragraph (a) must be provided with child care, transportation, or other support services as necessary and in relation to their eligibility and the availability of funds.

(c) In delivering employment and training services, local service units shall distribute their available resources in a manner that provides greater incentives to clients in permanent private or nonprofit sector employment than in public sector jobs.

Sec. 22. Minnesota Statutes 1986, section 268.86, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT DISCRETIONARY PROGRAMS.] The commissioner ~~shall~~ may develop and administer discretionary employment and training services programs to assist appropriate recipients of public assistance and unemployed and underemployed persons eligible to receive wage subsidies to become economically independent. The services must have as their objective the improvement of clients' opportunities for economic independence through permanent employment. The services must provide sufficient employment and training options to allow local service units to effectively meet the support services, educational, and training needs of their public assistance and wage subsidy clients. programs may include on-the-job training, wage subsidies, classroom training, relocation expenses, temporary cash assistance for persons in training, and support services.

Sec. 23. Minnesota Statutes 1986, section 268.86, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATION INTERAGENCY AGREEMENTS.] Under agreements necessary to comply with federal regulations, By October 1, 1987, the commissioner, on behalf of and the commissioner of human services, shall administer enter into a written contract for the design, delivery, and administration of employment and training services for applicants for or recipients of food stamps or aid to families with dependent children and food stamps. The

commissioner shall administer employment and training services for general assistance and work readiness recipients in consultation with the commissioner of human services, including AFDC employment and training programs, grant diversion, and supported work. The contract must address:

- (1) specific roles and responsibilities of each department;
- (2) assignment and supervision of staff for interagency activities including any necessary interagency employee mobility agreements under the administrative procedures of the department of employee relations;
- (3) mechanisms for determining the conditions under which individuals participate in services, their rights and responsibilities while participating, and the standards by which the services must be administered;
- (4) procedures for providing technical assistance to local service units and employment and training service providers;
- (5) access to appropriate staff for ongoing development and interpretation of policy, rules, and program standards;
- (6) procedures for reimbursing appropriate agencies for administrative expenses; and
- (7) procedures for accessing available federal funds.

Sec. 24. Minnesota Statutes 1986, section 268.86, subdivision 4, is amended to read:

Subd. 4. [EMPLOYABILITY PLANS.] The commissioner shall require that a public assistance recipient's employment status is appraised within 30 days and that a written employability plan is prepared for appropriate public assistance recipients in consultation with the recipients. The plan must take into account the level of skill and education of the recipient, as measured against the existing market, the length of time the recipient has been absent from the work force, and the recipient's financial responsibility to a family, if any. The plan must be designed to help the recipient obtain suitable employment, or training and work skills necessary to secure suitable employment, and may include an arrangement with another service provider or agency for specialized employment, education, training, or support services. For a caretaker of a family receiving aid to families with dependent children, "suitable employment" must produce a net income which, taking into account the cost of medical insurance and expenses of work, including child care and transportation, equals or exceeds the standard of need determined under section 256.74, subdivision 1. A copy of the plan must be given

to the recipient at the time it is prepared; an additional copy must be given to the local agency for its files.

Sec. 25. Minnesota Statutes 1986, section 268.871, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY AND CERTIFICATION.] Unless prohibited by federal law or otherwise determined by state law or the coordinator, a local service unit is responsible for the delivery of employment and training services. After February 1, 1986 1988, employment and training services must be delivered by public, nonprofit, or private service providers that are certified to provide the services employment and training service providers.

Sec. 26. Minnesota Statutes 1986, section 268.871, subdivision 2, is amended to read:

Subd. 2. [CONTRACTING PREFERENCE.] In contracting, a local service unit must give preference, whenever possible, to existing certified employment and training service providers including the job service, opportunities industrialization centers, displaced homemaker providers, work incentive providers, Minnesota employment and economic development act providers, post-secondary educational institutions, and job training partnership act programs that can effectively coordinate federal, state, and local employment and training services; that can maximize use of available federal and other nonstate funds; and that have demonstrated the ability to serve public assistance clients as well as other unemployed people.

Sec. 27. Minnesota Statutes 1986, section 268.871, is amended by adding a subdivision to read:

Subd. 5. [REPORTS.] Each employment and training service provider under contract with a local service unit to deliver employment and training services must submit an annual report by March 1 to the local service unit. The report must specify:

- (1) types of services provided;
- (2) number of priority and nonpriority AFDC recipients served, the number of work readiness assistance recipients served, and the number of other clients served;
- (3) how resources will be prioritized to serve priority and nonpriority public assistance recipients and other clients; and
- (4) manner in which state employment and training funds and programs are being coordinated with federal and local employment and training funds and programs.

Sec. 28. Minnesota Statutes 1986, section 268.88, is amended to read:

268.88 [LOCAL SERVICE UNIT PLANS.]

(a) Local service units shall prepare and submit to the commissioner by ~~October~~ April 15 of each year an annual plan for the subsequent calendar year. The commissioner shall notify each local service unit by ~~December~~ May 1 of each year if its plan has been approved or disapproved. The plan must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies and programs that will be used to achieve these goals;

(3) a statement of whether the goals from the preceding year were met and an explanation if the local service unit failed to meet the goals;

(4) the amount proposed to be allocated to each employment and training service;

(5) the proposed types of employment and training services the local service unit plans to utilize;

(6) a report on the use of wage subsidies, grant diversions, community investment programs, sliding fee day care, and other services administered under this chapter;

(7) an annual update of the community investment program plan according to standards established by the commissioner; ~~and~~

(8) a performance review of the employment and training service providers delivering employment and training services for the local service unit; and

(9) a copy of any contract between the local service unit and an employment and training service provider including expected outcomes and service levels for public assistance clients.

(b) In counties with a city of the first class, the county and the city shall develop and submit a joint plan. The plan may not be submitted until agreed to by both the city and the county. The plan must provide for the direct allocation of employment and training money to the city and the county unless waived by either. If the county and the city cannot concur on a plan, the coordinator shall resolve their dispute.

(c) The commissioner may withhold the distribution of employment and training money from a local service unit that does not submit a plan to the commissioner by the date set by this section, and shall withhold the distribution of employment and training money from a local service unit whose plan has been disapproved by the coordinator until an acceptable amended plan has been submitted.

(d) For 1985, local service unit plans must be submitted by November 1, 1985 and must include:

(1) a statement of objectives for the employment and training services the local service unit administers;

(2) the establishment of public assistance caseload reduction goals and the strategies that will be used to achieve these goals;

(3) the amount proposed to be allocated to each employment and training service;

(4) the proposed employment and training services and service providers the local service unit plans to utilize; and

(5) a statement of intent regarding the establishment of either a community investment program or an employment experience program.

If the local service unit provides a statement of intent for the establishment of a community investment program under clause (5), the local service unit must submit a preliminary community investment program plan by February 1, 1986.

Sec. 29. Minnesota Statutes 1986, section 268.91, subdivision 1, is amended to read:

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

(a) "Child care services" means child care provided in family day care homes, group day care homes, nursery schools, day nurseries, child day care centers, play groups, head start, and parent cooperatives, and in-home child care as defined in the Minnesota plan for social services to families and children or in the child's home.

(b) "Child" means a person 14 12 years old or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

(c) "Commissioner" means the commissioner of jobs and training human services.

(d) "Child care" means the care of a child by someone other than a parent or legal guardian in or outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

(e) "County board" means the board of county commissioners in each county.

(f) "County plan" means the community social services plan required by section 256E.09.

(g) "Education program" means remedial or basic education or English as a second language instruction, completion of high school education, or completion of a general equivalency diploma. Education program may include post-secondary education leading to an undergraduate degree under the terms of subdivision 2.

(h) "Employment program" means employment of recipients defined in subdivision 4, vocational assessment, and job readiness and job search activities.

(i) "Human services board" means a board established under section 402.02; Laws 1974, chapter 293; or Laws 1976, chapter 340.

(j) "Provider" means the child care license holder or the legal nonlicensed caregiver who operates a family day care home, a group family day care home, a day care center, a nursery school, or a day nursery, or who functions in the child's home.

(k) "Training program" means job training not provided by post-secondary education institutions.

(l) "Set-aside funds" means funds reserved for recipients of aid to families with dependent children as specified in section 32.

Sec. 30. Minnesota Statutes 1986, section 268.91, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF COMMISSIONER.] (a) The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment ~~or~~, training, or education programs. If funds from the higher education coordinating board child care grants program are expended, the child care fund may be used for child care costs of post-secondary education students if there are sufficient funds. The commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The commissioner shall require counties to collect and report data that the commissioner deems necessary to evaluate the

effectiveness of the program in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children. The commissioner shall report to the full productivity and opportunity coordinator in each even-numbered year on the effectiveness of the program.

(b) The commissioner shall maximize the use of federal funds under the aid to families with dependent children employment special needs program in section 256.736, subdivision 8, for recipients of aid to families with dependent children who are in education, training, job search, or other activities allowed under that program. Funds appropriated under section 268.91 shall be coordinated with the aid to families with dependent children employment special needs program to accomplish this purpose. Federal funds obtained shall be used to expand the resources in the child care sliding fee program.

Sec. 31. Minnesota Statutes 1986, section 268.91, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION.] (a) ~~By June 1 of each odd-numbered year~~ Consistent with the community social services planning cycle, the commissioner shall notify all county and human services boards of the their allocation and the procedures used for the sliding fee program. ~~Allocations must be made by July 1 of each odd-numbered year.~~ If the appropriation is insufficient to meet the needs in all counties, the amount must be prorated among the counties.

~~(b) For the purposes of this section~~ Except for set-aside funds for priority groups as described in subdivision 3a, the commissioner shall allocate money appropriated between the metropolitan area, comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the area outside the metropolitan area so that no more than 55 percent of the total appropriation goes to either area after excluding allocations for statewide administrative costs. The commissioner shall allocate 50 percent of the money among counties on the basis of the number of families below the poverty level, as determined from the most recent special census, and 50 percent on the basis of caseloads of aid to families with dependent children for the preceding fiscal year, as determined by the commissioner of human services.

(c) Once a quarter, the commissioner shall review the use of child care fund allocations by county. In accordance with the formula found in paragraph (b), the commissioner may reallocate unexpended or unencumbered money among those counties who have expended their full portion. Any unexpended funds from the first year of the biennium may be carried to the second year of the biennium.

Sec. 32. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3a. [SET-ASIDE FUNDS.] The commissioner shall set aside one-third of funds appropriated to be administered as follows:

(a) Set-aside funds shall be allocated among counties based on the basis of the sum of the average monthly number of caretakers receiving aid to families with dependent children under the age of 22 and the average monthly number of aid to families with dependent children cases open 24 or more consecutive months. The sum shall be derived for each fiscal year based on the 12-month period ending March 31 of the previous fiscal year. The commissioner may reallocate unspent set-aside funds to counties which expend their full allocation. The commissioner may allocate set-aside funds based on participation rates of priority groups in employment and training activities, if the commissioner finds that the formula distribution does not allocate funds among counties in a manner which represents voluntary participation levels.

(b) Set-aside funds shall be subject to the same sliding fee schedule and other requirements as the remainder of the sliding fee program.

(c) The county shall use the set-aside funds for persons in the priority groups in the aid to families with dependent children program defined in section 4. The county shall ensure that set-aside funds are controlled by case managers for coordination of child care funding with employment, training, and education programs for the priority groups. The county shall ensure that, through the case manager, priority caretakers are guaranteed set-aside funds for child care assistance as resources permit.

(d) If the commissioner finds, on or after January 1 of a fiscal year, that set-aside funds are not being fully utilized, the commissioner may permit counties to use set-aside funds for recipients of aid to families with dependent children who are not members of the priority groups, as long as priority for use of the funds will continue to be given to the priority groups.

Sec. 33. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3b. [COUNTY PLAN.] (a) The commissioner shall provide counties with the necessary forms and instructions for their community social services plans, as required in section 256E.09. The forms and instructions must incorporate the information necessary to receive child care funds. For calendar years 1987 and 1988, the county agency shall submit an amendment to its approved biennial community social services plan using the forms and instructions provided by the commissioner. Beginning January 1, 1989, the

biennial community social services plan must include the child care fund.

(b) The plan must include: (1) an estimate of the need for child care services for the population defined in section 256E.03, subdivision 2, paragraph (h); (2) an estimate of the number of recipients served in each of the groups defined in subdivision 4; (3) justification, if the county prioritizes among the groups defined in subdivision 4; (4) an estimate of the number of caretaker recipients of aid to families with dependent children who will participate in employment, training, and education activities that will be federally reimbursable under the aid to families with dependent children employment special needs program; (5) the number of recipients of aid to families with dependent children who are in the priority groups defined in subdivision 3, paragraph (c); (6) documentation of the cooperative agreement with the regional service administrator as required under subdivision 3, paragraph (c); (7) descriptions of the types and availability of child care in the county; (8) documentation of any contract with another agency to deliver services under the child care fund; and (9) other information the commissioner considers necessary to administer the program.

For calendar years 1987 and 1988, the commissioner shall certify whether the plan fulfills the purposes and requirements of this section, state and federal law, and the rules of the state agency. On certifying that the plan does not do so, the commissioner shall state the reasons it does not, and the county has 30 days to submit a plan amended to comply with the requirements of the commissioner. If a county fails to resubmit a plan amended as required by the commissioner, the commissioner shall notify the county of the intention to reduce the next quarterly payment by an amount equal to five percent of the county's annual entitlement for each 30-day period during which the county fails to amend the plan as required by the commissioner.

Sec. 34. Minnesota Statutes 1986, section 268.91, is amended by adding a subdivision to read:

Subd. 3c. [REPORTING AND PAYMENTS.] (a) Counties shall submit on forms prescribed by the commissioner a quarterly financial and program activity report, due 20 calendar days after the end of each quarter. The financial and program activity report must include (1) a detailed accounting of the expenditures and revenues for the program during the preceding quarter by funding source and by group as defined in subdivision 6; (2) a description of activities and concomitant expenditures that are federally reimbursable under the aid to families with dependent children employment special needs program; (3) a description of activities and concomitant expenditures of set-aside funds for priority groups of recipients of aid to families with dependent children; (4) information on funds encumbered at the quarter's end but not yet reimbursable, for use in

adjusting allocations as provided in subdivision 3, paragraph (d); and (5) other data the commissioner considers necessary to account for the program or to evaluate its effectiveness in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children.

(b) The commissioner shall make payments to each county in quarterly installments. The commissioner may certify an advance for the first quarter of the fiscal year. Later payments must be based on actual expenditures as reported in the quarterly financial and program activity report.

(c) The commissioner may withhold, reduce, or terminate the allocation of any county that does not meet the reporting or other requirements of this program. The commissioner shall reallocate to other counties money so reduced or terminated.

Sec. 35. Minnesota Statutes 1986, section 268.91, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL ELIGIBILITY.] (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) receive aid to families with dependent children;

(2) have household income below the eligibility levels for aid to families with dependent children; or

(3) have household income within a range established by the commissioner.

(b) Child care services for the families receiving aid to families with dependent children must be made available as in-kind services, to cover any difference between the actual cost and the amount disregarded under the aid to families with dependent children program. Child care services to families whose incomes are below the threshold of eligibility for aid to families with dependent children, but that are not receiving aid to families with dependent children, must be made available without cost to the families.

(c) Child care services to families with incomes in the commissioner's established range must be made available on a sliding fee basis. The lower limit of the sliding fee range must be the eligibility limit for aid to families with dependent children. The upper limit of the range must be neither less than 70 percent nor more than 90 percent of the state median income for a family of four, adjusted for family size.

(d) If a disproportionate amount of the available money is provided to any one of the groups described in subdivision 4, paragraph (a), the county board shall document to the commissioner the reason the group received a disproportionate share. If a county projects that its child care allocation is insufficient to meet the needs of all groups eligible for these funds, it may prioritize new applications among the groups to be served. Set-aside funds shall be prioritized by the state, and counties do not have discretion over the use of these funds.

Sec. 36. Minnesota Statutes 1986, section 268.91, subdivision 5, is amended to read:

Subd. 5. [EMPLOYMENT OR TRAINING ELIGIBILITY.] (a) Persons who are seeking employment and who are eligible for assistance under this section are eligible to receive the equivalent of one month of child care. Employed persons who work at least ten hours a week and receive at least a minimum wage for all hours worked are eligible for child care assistance.

(b) Persons eligible under this section for child care assistance for education or training must receive assistance for the length of the program or 24 months, whichever is shorter. An education or training program with demonstrated effectiveness may be approved by the commissioner of education and accredited by the appropriate agency as an eligible program including high school or an equivalent program, an English competency program, technical or vocational training, or a four-year or associate degree program participating in employment programs, training programs, or education programs are eligible for assistance from the child care fund, providing they are financially eligible under the sliding fee scale set by the commissioner in subdivision 7.

Sec. 37. Minnesota Statutes 1986, section 268.91, subdivision 6, is amended to read:

Subd. 6. [COUNTY CONTRIBUTION.] (a) In addition to payments from parents, the program must be funded by county contributions. Except for set-aside funds, counties shall contribute five from county tax sources a minimum of 15 percent of the cost of the program in the program's first year and 15 percent in the second and subsequent years. The commissioner may require by rule that a county pay the commissioner the portion of sliding fee allocations paid by the state for which the county is responsible. The county shall advance its portion of sliding fee costs, based upon allocations made by the commissioner for that county for expenditures in the succeeding month. Adjustments of any overestimate or underestimate based on actual expenditures must be made by the commissioner by adjusting the estimate for any succeeding month after subtracting federal financial participation, fees, and other recoveries. The commissioner shall recover from the county as necessary to bring county expenditures into compliance with this subdivision.

(b) The commissioner shall recover from counties any state or federal funds found to be ineligible. If a federal audit exception is taken based on a percentage of federal earnings, all counties shall pay a share proportional to their respective federal earnings during the period in question.

A (c) To receive funds through this program, each county shall certify to the commissioner that the county has not reduced allocations from other federal, state, and county sources, which, in the absence of child care sliding fee or wage subsidy money, would have been available for child care services.

Sec. 38. Minnesota Statutes 1986, section 268.91, subdivision 7, is amended to read:

Subd. 7. [SLIDING FEE SCALE.] The sliding fee scale shall be designed so that the cost of child care to each family is affordable. The commissioner shall take into account basic living expenses of food, housing, and transportation. In setting the sliding fee schedule, the commissioner shall exclude from the amount of income used to determine eligibility an amount for federal and state income and social security taxes attributable to that income level according to federal and state standardized tax tables. The fee schedule must be designed to use any available tax credits and to progress smoothly from appropriated assistance to assistance through tax credits.

Sec. 39. Minnesota Statutes 1986, section 268.911, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner of human services may make grants to public or private nonprofit agencies for the planning, establishment, expansion, improvement, or operation of child care resource and referral programs and child care services according to the provisions of this section and may make grants to county boards to carry out the purposes of section 245.84.

Sec. 40. [FEDERAL AUTHORITY.]

Subdivision 1. [LEGISLATIVE AUTHORITY.] (a) The commissioner of human services shall seek from the Congress of the United States authority to modify the administration and delivery of the aid to families with dependent children program (AFDC) in Minnesota. The commissioner shall seek authority to:

(1) disregard more earned income of a recipient than currently allowed under United States Code, title 42, section 602(a)(8)(B)(ii). The purpose of this change is to provide an incentive to work and prevent recipients from experiencing a sudden loss of income after four months of employment;

(2) exclude from consideration in computing the income of an AFDC caretaker parent under the age of 18 any income of the parents of the caretaker parent, without regard to the residence of the caretaker parent. The purpose of this change is to allow a minor parent to receive financial assistance while remaining in a supportive home environment;

(3) determine the maximum value of an automobile which can be excluded as an asset under United States Code, title 42, section 602(a)(7)(B)(i). The purpose of this change is to recognize the need of AFDC recipients for reliable transportation in order to participate in work and training and become self-sufficient;

(4) disregard, in computing income, the cost of child care beyond that currently allowed under United States Code, title 42, section 602(a)(8)(A)(iii). The purpose of this change is to recognize the need of AFDC recipients for quality reliable child care in order to participate in work and training and become self-sufficient;

(5) permit a principal earner in a family receiving AFDC-UP to work more than 100 hours per month without being disqualified from the program. The purpose of this change is to recognize the financial reality of AFDC-UP families and to help the families achieve financial security before leaving the program. For the purposes of this subdivision, AFDC-UP refers to AFDC clients who are eligible for assistance because of unemployment as defined under section 256.12, subdivision 14;

(6) require that, as a condition of receiving aid to families with dependent children, minor parents of children six weeks of age and older who have not completed a high school education be required either to attend high school or to work toward a general education diploma as long as necessary child care and transportation services are available to them. Minor parents of children with special health needs are exempt from this requirement;

(7) allow the use of vendor payments for recipients who do not fulfill the conditions of clause (6); and

(8) introduce additional requirements or relax existing requirements to the extent the commissioner deems necessary to construct an AFDC program for Minnesota that increases the possibility of self-sufficiency of recipient families.

(b) In constructing and negotiating modifications under clause (a), the commissioner shall not agree to terms or conditions that infringe on recipients' entitlement to benefits or impede federal financial participation under United States Code, title 42, subchapter IV, part A. The commissioner shall not accept a block grant or lump sum amount of federal money for AFDC in Minnesota

unless the sum is adjusted to protect the state against an increase in the number of recipients during a period of recession.

Subd. 2. [FEDERAL APPROVAL.] The commissioner of human services shall seek federal approval to require that, as a condition of receiving aid to families with dependent children:

(1) minor parents of children six weeks of age and older who have not completed a high school education be required either to attend high school or to work toward a general education diploma as long as necessary child care and transportation services are available to them;

(2) caretakers of children age three and over be required to seek and accept suitable employment or training as long as necessary child care, transportation, and health benefits are available to them;

(3) minor parents not living with relatives be required to live in a group or foster home or, when the case manager determines the need for such services, to participate in a program that teaches skills in parenting and independent living, provided that the described living or counseling opportunities are available to the minor parent; and

(4) all caretakers coming into the program be required to attend orientation and develop a plan to obtain self-sufficiency to the extent that programs and services are available.

Subd. 3. [GRADUATED SANCTIONS.] The commissioner of human services shall seek federal approval to replace the sanctions under section 256.736, subdivision 4, clauses (4)(a) and (4)(d), with the following graduated sanctions:

(1) upon first caretaker refusal, 50 percent of the grant provided to the family shall be made in the form of protective or vendor payments; and

(2) upon second caretaker refusal, the entire grant provided to the family shall be made in the form of protective or vendor payments.

Subd. 4. [EDUCATION EXPENSES.] The commissioner of human services shall seek federal approval to exclude all expenses related to education when determining income for food stamp purposes.

Subd. 5. [DEMONSTRATION PROJECT.] If the commissioner determines that a demonstration project is the most expedient way to achieve the goals of subdivision 2, the commissioner shall apply to the secretary of health and human services for authorization to establish at least one demonstration project under United States Code, title 42, section 645. The commissioner shall request that, for purposes of the demonstration, the secretary waive requirements of

United States Code, title 42, section 602, to the extent allowed under the Code of Federal Regulations, title 45, sections 282.14 to 282.16.

Subd. 6. [IMPLEMENTATION.] If federal approval is obtained to impose additional requirements on AFDC recipients, modifications under this section take precedence over current laws and regulations until July 1, 1988.

ARTICLE 4

MENTAL HEALTH

Section 1. [245.461] [POLICY AND CITATION.]

Subdivision 1. [CITATION.] Sections 1 to 25 may be cited as the "Minnesota comprehensive mental health act."

Subd. 2. [MISSION STATEMENT.] The commissioner shall create and ensure a unified, accountable, comprehensive mental health service system that:

(1) recognizes the right of people with mental illness to control their own lives as fully as possible;

(2) promotes the independence and safety of people with mental illness;

(3) reduces chronicity of mental illness;

(4) reduces abuse of people with mental illness;

(5) provides services designed to:

(i) increase the level of functioning of people with mental illness or restore them to a previously held higher level of functioning;

(ii) stabilize individuals with mental illness;

(iii) prevent the development and deepening of mental illness;

(iv) support and assist individuals in resolving emotional problems that impede their functioning;

(v) promote higher and more satisfying levels of emotional functioning; and

(vi) promote sound mental health; and

(6) provides a quality of service that is effective, efficient, appropriate, and consistent with contemporary professional standards in the field of mental health.

Subd. 3. [REPORT.] By February 15, 1988, and annually after that until February 15, 1990, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 1 to 25 and on additional resources needed to further implement those sections.

Sec. 2. [245.462] [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in this section apply to sections 1 to 25.

Subd. 2. [ACUTE CARE HOSPITAL INPATIENT TREATMENT.] "Acute care hospital inpatient treatment" means short-term medical, nursing, and psychosocial services provided in an acute care hospital licensed under chapter 144.

Subd. 3. [CASE MANAGEMENT ACTIVITIES.] "Case management activities" means activities that are part of the community support services program as defined in subdivision 6 and are designed to help people with serious and persistent mental illness in gaining access to needed medical, social, educational, vocational, and other necessary services as they relate to the client's mental health needs. Case management activities include obtaining a diagnostic assessment, developing an individual community support plan, referring the person to needed mental health and other services, coordinating services, and monitoring the delivery of services.

Subd. 4. [CASE MANAGER.] "Case manager" means an individual authorized by the county board to provide case management activities as part of a community support services program. A case manager must be qualified at the mental health practitioner level, skilled in the process of identifying and assessing a wide range of client needs, and knowledgeable about local community resources and how to use those resources for the benefit of the client.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 6. [COMMUNITY SUPPORT SERVICES PROGRAM.] "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the clinical supervision of a mental health professional designed to help people with serious and persistent mental illness to function and remain in the community. A community support services program includes case management activities provided to persons with serious and persistent

mental illness, client outreach, medication management, assistance in independent living skills, development of employability and supportive work opportunities, crisis assistance, psychosocial rehabilitation, help in applying for government benefits, and the development, identification, and monitoring of living arrangements.

Subd. 7. [COUNTY BOARD.] "County board" means the county board of commissioners or board established pursuant to the joint powers act, section 471.59, or the human services board act, sections 402.01 to 402.10.

Subd. 8. [DAY TREATMENT SERVICES.] "Day treatment services" means a structured program of intensive therapeutic and rehabilitative services at least one day a week for a minimum three-hour time block that is provided within a group setting by a multidisciplinary staff under the clinical supervision of a mental health professional. Day treatment services are not a part of inpatient or residential treatment services, but may be part of a community support services program.

Subd. 9. [DIAGNOSTIC ASSESSMENT.] "Diagnostic assessment" means a written summary of the history, diagnosis, strengths, vulnerabilities, and general service needs of a person with mental illness using diagnostic, interview, and other relevant mental health techniques provided by a mental health professional used in developing an individual treatment plan or individual community support plan.

Subd. 10. [EDUCATION AND PREVENTION SERVICES.] "Education and prevention services" means services designed to educate the general public or special high-risk target populations about mental illness, to increase the understanding and acceptance of problems associated with mental illness, to increase people's awareness of the availability of resources and services, and to improve people's skills in dealing with high-risk situations known to affect people's mental health and functioning.

Subd. 11. [EMERGENCY SERVICES.] "Emergency services" means an immediate response service available on a 24-hour, seven-day-a-week basis for persons having a psychiatric crisis or emergency.

Subd. 12. [INDIVIDUAL COMMUNITY SUPPORT PLAN.] "Individual community support plan" means a written plan developed by a case manager on the basis of a diagnostic assessment. The plan identifies specific services needed by a person with serious and persistent mental illness to develop independence or improved functioning in daily living, health and medication management, social functioning, interpersonal relationships, financial management, housing, transportation, and employment.

Subd. 13. [INDIVIDUAL PLACEMENT AGREEMENT.] "Individual placement agreement" means a written agreement or supplement to a service contract entered into between the county board and a service provider on behalf of an individual client to provide residential treatment services.

Subd. 14. [INDIVIDUAL TREATMENT PLAN.] "Individual treatment plan" means a written plan of intervention, treatment, and services for a person with mental illness that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individual responsible for providing treatment to the person with mental illness.

Subd. 15. [LOCAL MENTAL HEALTH PROPOSAL.] "Local mental health proposal" means the proposal developed by the county board, reviewed by the commissioner, and described in section 18.

Subd. 16. [MENTAL HEALTH FUND.] "Mental health fund" means the state appropriation made to carry out sections 1 to 25 and the mental health share of Minnesota's allocation under title XX and United States Code, title 42, sections 300X to 300X-9, as described in section 19.

Subd. 17. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university, and has 2,000 hours of supervised experience in the delivery of services to persons with mental illness;

(2) has 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields formally assigned to an agency or facility for clinical training by an accredited college or university;

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university with less than 4,000 hours post-master's experience in the treatment of mental illness; or

(5) for purposes of case management only, has education or supervised experience less than in clauses (1) to (4) but receives 40 hours of training before assuming duties as a mental health practi-

tioner and receives weekly face-to-face supervision regarding the provision of services to persons with mental illness from the mental health professional supervising the community support program.

Subd. 18. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse with a master's degree in one of the behavioral sciences or related fields from an accredited college or university or its equivalent, who is licensed under sections 148.171 to 148.285, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work: a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Subd. 19. [MENTAL HEALTH SERVICES.] "Mental health services" means all of the treatment services and management activities that are provided to persons with mental illness and are described in sections 8 to 16.

Subd. 20. [MENTAL ILLNESS.] (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) A "person with acute mental illness" means a person who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of sections 1 to 25, a "person with serious and persistent mental illness" means a person who has a mental illness and meets at least one of the following criteria:

(1) The person has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months.

(2) The person has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months.

(3) The person has had a history of recurring inpatient or residential treatment episodes of a frequency described in clause (1) or (2), but not within the preceding 24 months. There must also be a written opinion of a mental health professional stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment unless an ongoing community support services program is provided.

Subd. 21. [OUTPATIENT SERVICES.] "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the clinical supervision of a mental health professional to persons with a mental illness who live outside a hospital or residential treatment setting. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Subd. 22. [REGIONAL TREATMENT CENTER INPATIENT SERVICES.] "Regional treatment center inpatient services" means the medical, nursing, or psychosocial services provided in a regional treatment center operated by the state.

Subd. 23. [RESIDENTIAL TREATMENT.] "Residential treatment" means a 24-hour-a-day residential program under the clinical supervision of a mental health professional, other than an acute care hospital or regional treatment center, which must be licensed as a residential treatment facility for mentally ill persons under Minnesota Rules, parts 9520.0500 to 9520.0690 for adults, 9545.0900 to 9545.1090 for children, or other rule adopted by the commissioner.

Subd. 24. [SERVICE PROVIDER.] "Service provider" means either a county board or an individual or agency including a regional treatment center under contract with the county board that provides mental health services funded by sections 1 to 25.

Subd. 25. [CLINICAL SUPERVISION.] "Clinical supervision," when referring to the responsibilities of a mental health professional, means the oversight responsibility of a mental health professional for individual treatment plans, service delivery, and program activities. Clinical supervision may be accomplished by full or part-time employment of or contracts with mental health professionals. Clinical supervision must be documented by the mental health professional cosigning individual treatment plans and evidence of input into service delivery and program development.

Sec. 3. [245.463] [PLANNING FOR A MENTAL HEALTH SYSTEM.]

Subdivision 1. [PLANNING EFFORT.] Starting on the effective date of sections 1 to 25 and ending June 30, 1988, the commissioner and the county agencies shall plan for the development of a unified, accountable, and comprehensive statewide mental health system. The system must be planned and developed by stages until it is operating at full capacity.

Subd. 2. [TECHNICAL ASSISTANCE.] The commissioner shall provide ongoing technical assistance to county boards to develop local mental health proposals as specified in section 18, to improve system capacity and quality. The commissioner and county boards shall exchange information as needed about the numbers of persons with mental illness residing in the county and extent of existing treatment components locally available to serve the needs of those persons. County boards shall cooperate with the commissioner in obtaining necessary planning information upon request.

Sec. 4. [245.464] [COORDINATION OF MENTAL HEALTH SYSTEM.]

Subdivision 1. [MENTAL HEALTH FUND.] Effective July 1, 1988, a mental health fund is established under the supervision of the commissioner. The commissioner shall use the mental health fund to help county boards develop, maintain, and fund affordable and locally available mental health services in accordance with sections 1 to 25 and local mental health service proposals approved by the commissioner.

Subd. 2. [SUPERVISION.] The commissioner shall supervise the development and coordination of locally available mental health services by the county boards in a manner consistent with sections 1 to 25. The commissioner shall coordinate locally available services with those services available from the regional treatment center serving the area. The commissioner shall review local mental health service proposals developed by county boards as specified in section 18, allocate mental health funds to county boards according to section 19, and provide technical assistance to county boards in developing and maintaining locally available mental health ser-

vices. The commissioner shall monitor the county board's progress in developing its full system capacity and quality through ongoing review of the county board's mental health proposals, quarterly reports, and other information as required by sections 1 to 25.

Subd. 3. [PRIORITIES.] By January 1, 1990, the commissioner shall require that each of the treatment services and management activities described in sections 8 to 16 are developed for persons with mental illness within available resources based on the following ranked priorities:

(1) the provision of locally available emergency services;

(2) the provision of locally available services to all persons with serious and persistent mental illness and all persons with acute mental illness;

(3) the provision of specialized services regionally available to meet the special needs of all persons with serious and persistent mental illness and all persons with acute mental illness;

(4) the provision of locally available services to persons with other mental illness; and

(5) the provision of education and preventive mental health services targeted at high-risk populations.

Sec. 5. [245.465] [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of the mental health fund allocated by the commissioner according to a biennial local mental health service proposal approved by the commissioner. The county board must:

(1) develop and coordinate a system of affordable and locally available mental health services in accordance with sections 6 to 14;

(2) provide for case management services to persons with serious and persistent mental illness in accordance with section 15;

(3) provide for screening of persons specified in section 16 upon admission to a residential treatment facility or acute care hospital inpatient, or informal admission to a regional treatment center; and

(4) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 1 to 25.

Sec. 6. [245.466] [LOCAL SERVICE DELIVERY SYSTEM.]

Subdivision 1. [DEVELOPMENT OF SERVICES.] The county board in each county is responsible for using the mental health fund to develop and coordinate a system of locally available and affordable mental health services. The county board may provide some or all of the mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward full implementation of sections 1 to 25 during the period July 1, 1987, to January 1, 1990. County boards must develop fully each of the treatment services and management activities prescribed by sections 1 to 25 by January 1, 1990, according to the priorities established in section 4 and local mental health services proposal approved by the commissioner under section 18.

Subd. 2. [MENTAL HEALTH SERVICES.] The mental health service system developed by each county board must include the following treatment services:

- (1) education and prevention services in accordance with section 8;
- (2) emergency services in accordance with section 9;
- (3) outpatient services in accordance with section 10;
- (4) community support program services in accordance with sections 11 and 15;
- (5) residential treatment services in accordance with section 12;
- (6) acute care hospital inpatient treatment services in accordance with section 13; and
- (7) regional treatment center inpatient services in accordance with section 14.

Subd. 3. [LOCAL CONTRACTS.] Effective January 1, 1988, the county board shall review all proposed county agreements, grants, or other contracts related to mental health services for funding from any local, state, or federal governmental sources. Contracts with service providers must:

- (1) name the commissioner as a third party beneficiary;

(2) identify monitoring and evaluation procedures not in violation of the Minnesota government data practices act, chapter 13, which are necessary to ensure effective delivery of quality services;

(3) include a provision that makes payments conditional on compliance by the contractor and all subcontractors with sections 1 to 25 and all other applicable laws, rules, and standards; and

(4) require financial controls and auditing procedures.

Subd. 4. [JOINT COUNTY MENTAL HEALTH AGREEMENTS.] In order to provide efficiently the services required by sections 1 to 25, counties are encouraged to join with one or more county boards to establish a multicounty local mental health authority pursuant to the joint powers act, section 471.59, the human service board act, sections 402.01 to 402.10, community mental health center provisions, section 245.62, or enter into multicounty mental health agreements. Participating county boards shall establish acceptable ways of apportioning the cost of the services.

Subd. 5. [LOCAL ADVISORY COUNCIL.] The county board, individually or in conjunction with other county boards, shall establish a local mental health advisory council or mental health subcommittee of an existing advisory council. The council's members must reflect a broad range of community interests. They must include at least one consumer, one family member of a person with mental illness, one mental health professional, and one community support services program representative. The local mental health advisory council or mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local mental health system. Annually, the local advisory council or mental health subcommittee of an existing advisory council shall arrange for input from the regional treatment center review board regarding coordination of care between the regional treatment center and community-based services. The county board shall consider the advice of its local mental health advisory council or mental health subcommittee of an existing advisory council in carrying out its authorities and responsibilities.

Subd. 6. [OTHER LOCAL AUTHORITY.] The county board may establish procedures and policies that are not contrary to those of the commissioner or sections 1 to 25 regarding local mental health services and facilities. The county board shall perform other acts necessary to carry out sections 1 to 25.

Sec. 7. [245.467] [QUALITY OF SERVICES.]

Subdivision 1. [CRITERIA.] Mental health services required by this chapter must be:

- (1) based, when feasible, on research findings;
- (2) based on individual clinical needs, cultural and ethnic needs, and other special needs of individuals being served;
- (3) provided in the most appropriate, least restrictive setting available to the county board;
- (4) accessible to all age groups;
- (5) delivered in a manner that provides accountability;
- (6) provided by qualified individuals as required in this chapter;
- (7) coordinated with mental health services offered by other providers; and
- (8) provided under conditions which protect the rights and dignity of the individuals being served.

Subd. 2. [DIAGNOSTIC ASSESSMENT.] All providers of residential, acute care hospital inpatient and regional treatment centers must complete a diagnostic assessment for each of their clients within five days of admission. Providers of outpatient and day treatment services must complete a diagnostic assessment within ten days of admission. In cases where a diagnostic assessment is available and has been completed within 90 days preceding admission, only updating is necessary.

Subd. 3. [INDIVIDUAL TREATMENT PLANS.] All providers of outpatient, residential, acute care hospital inpatient and all regional treatment centers must develop an individual treatment plan for each of their clients. The individual treatment plan must be based on a diagnostic assessment. To the extent possible, the client shall be involved in all phases of developing and implementing the individual treatment plan. The individual treatment plan must be developed within ten days of client intake and reviewed every 90 days thereafter.

Sec. 8. [245.468] [EDUCATION AND PREVENTION SERVICES.]

By July 1, 1988, county boards must provide or contract for education and prevention services to persons residing in the county. Education and prevention services must be designed to:

- (1) convey information regarding mental illness and treatment resources to the general public or special high-risk target groups;

(2) increase understanding and acceptance of problems associated with mental illness;

(3) improve people's skills in dealing with high-risk situations known to have an impact on people's mental health functioning; and

(4) prevent development or deepening of mental illness.

Sec. 9. [245.469] [EMERGENCY SERVICES.]

Subdivision 1. [AVAILABILITY OF EMERGENCY SERVICES.] By July 1, 1988, county boards must provide or contract for enough emergency services within the county to meet the needs of persons in the county who are experiencing an emotional crisis or mental illness. Clients may be required to pay a fee based on their ability to pay. Emergency services must include assessment, intervention, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of people with mental illness or emotional crises;

(2) minimize further deterioration of people with mental illness or emotional crises;

(3) help people with mental illness or emotional crises to obtain ongoing care and treatment; and

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services provide immediate direct access to mental health professionals during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll free telephone access to a mental health professional, a mental health practitioner, or a designated person with training in human services who is under the supervision of a mental health professional. Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for consultation within 30 minutes.

Sec. 10. [245.470] [OUTPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF OUTPATIENT SERVICES.] By July 1, 1988, county boards must provide or contract for enough outpatient services within the county to meet the needs of persons with mental illness residing in the county. Clients may be required to pay a fee based on their ability to pay. Outpatient services include:

- (1) conducting diagnostic assessments;
- (2) conducting psychological testing;
- (3) developing or modifying individual treatment plans;
- (4) making referrals and recommending placements as appropriate;
- (5) treating a person's mental health needs through therapy;
- (6) prescribing and managing medication; and
- (7) preventing placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of outpatient services:

- (1) meet the professional qualifications contained in sections 1 to 25;
- (2) use a multidisciplinary mental health professional staff including at a minimum, arrangements for psychiatric consultation, licensed consulting psychologist consultation, and other necessary multidisciplinary mental health professionals;
- (3) develop individual treatment plans;
- (4) provide initial appointments within three weeks, except in emergencies where there must be immediate access as described in section 9; and
- (5) establish fee schedules approved by the county board that are based on a client's ability to pay.

Sec. 11. [245.471] [COMMUNITY SUPPORT SERVICES PROGRAM.]

Subdivision 1. [AVAILABILITY OF COMMUNITY SUPPORT SERVICES PROGRAM.] By July 1, 1988, county boards must provide or contract for sufficient community support services within the county to meet the needs of persons with serious and persistent mental illness residing in the county. Clients may be required to pay a fee. The county board shall require that all service providers of community support services set fee schedules approved by the county board which are based on the client's ability to pay. The community support services program must be designed to improve the ability of persons with serious and persistent mental illness to:

- (1) work in a regular or supported work environment;
- (2) handle basic activities of daily living;
- (3) participate in leisure time activities;
- (4) set goals and plans;
- (5) obtain and maintain appropriate living arrangements; and
- (6) reduce the use of more intensive, costly, or restrictive placements both in number of admissions and lengths of stay as determined by client need.

Subd. 2. [CASE MANAGEMENT ACTIVITIES.] (a) By January 1, 1989, case management activities must be developed as part of the community support program available to all persons with serious and persistent mental illness residing in the county. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must at a minimum qualify as a mental health practitioner.

(b) All providers of case management activities must develop an individual community support plan. The individual community support plan must state for each of their clients:

- (1) the goals of each service;
- (2) the activities for accomplishing each goal;
- (3) a schedule for each activity; and
- (4) the frequency of face-to-face client contacts, as appropriate to client need and the implementation of the community support plan.

The individual community support plan must incorporate the individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual community support plan. The individual community support plan must be developed within 30 days of client intake and reviewed every 90 days after it is developed. The case manager is responsible for developing the individual community support plan based on a diagnostic assessment and for implementing and monitoring the delivery of services according to the individual community support plan. To the extent possible, the person with serious and persistent mental illness, the person's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual community support plan.

Subd. 3. [DAY TREATMENT ACTIVITIES PROVIDED.] (a) By July 1, 1989, day treatment activities must be developed as a part of the community support program available to persons with serious and persistent mental illness residing in the county. Day treatment services must be available to persons with serious and persistent mental illness residing in the county as part of the community support program of each county. Clients may be required to pay a fee. Day treatment services must be designed to:

- (1) provide a structured environment for treatment;
- (2) provide family and community support;
- (3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need; and
- (4) establish fee schedules approved by the county board that are based on a client's ability to pay.

(b) County boards may request a waiver from including day treatment services if they can document that:

- (1) an alternative plan of care exists through the county's community support program for clients who would otherwise need day treatment services;
- (2) that day treatment, if included, would be duplicative of other components of the community support program; and
- (3) that county demographics and geography make the provision of day treatment services cost ineffective and unfeasible.

Subd. 4. [BENEFITS ASSISTANCE.] By July 1, 1988, help in applying for federal benefits, including supplemental security income, medical assistance, and Medicare, must be offered as a part of the community support program available to individuals with serious and persistent mental illness for whom the county is financially responsible and who may qualify for these benefits. The county board must offer help in applying for federal benefits to all persons with serious and persistent mental illness.

Sec. 12. [245.472] [RESIDENTIAL TREATMENT SERVICES.]

Subdivision 1. [AVAILABILITY OF RESIDENTIAL TREATMENT SERVICES.] By July 1, 1988, county boards must provide or contract for enough residential treatment services to meet the needs of all persons with mental illness residing in the county. Residential treatment services include both intensive and structured residential treatment with length of stay based on client residential treatment

need. Services must be as close to the county as possible. Residential treatment must be designed to:

- (1) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs;
- (2) help clients achieve the highest level of independent living;
- (3) help clients gain the necessary skills to be referred to a community support services program or outpatient services; and
- (4) stabilize crisis admissions.

Subd. 2. [SPECIFIC REQUIREMENTS.] Providers of residential services must be licensed under applicable rules adopted by the commissioner and must be clinically supervised by a mental health professional.

Sec. 13. [245.473] [ACUTE CARE HOSPITAL INPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF ACUTE CARE INPATIENT SERVICES.] By July 1, 1988, county boards must make available through contract or direct provision enough acute care hospital inpatient treatment services as close to the county as possible to meet the needs of persons with mental illness residing in the county. Acute care hospital inpatient treatment services must be designed to:

- (1) stabilize the medical condition of people with acute or serious and persistent mental illness;
- (2) improve functioning; and
- (3) facilitate appropriate referrals, follow-up, and placements.

Subd. 2. [SPECIFIC REQUIREMENTS.] Providers of acute care hospital inpatient services must meet applicable standards established by the commissioner of health.

Sec. 14. [245.474] [REGIONAL TREATMENT CENTER INPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF REGIONAL TREATMENT CENTER INPATIENT SERVICES.] By July 1, 1987, the commissioner shall make sufficient regional treatment center inpatient services available to people with mental illness throughout the state. Regional treatment centers are responsible to:

(1) stabilize the medical condition of the person with mental illness;

(2) improve functioning;

(3) strengthen family and community support; and

(4) facilitate appropriate discharge, aftercare, and follow-up placements in the community.

Subd. 2. [QUALITY OF SERVICE.] The commissioner shall biennially determine the needs of all mentally ill patients served by regional treatment centers by administering a client-based evaluation system. The client-based evaluation system must include at least the following independent measurements: behavioral development assessment; habilitation program assessment; medical needs assessment; maladaptive behavioral assessment; and vocational behavior assessment. The commissioner shall propose staff ratios to the legislature for the mental health and support units in regional treatment centers as indicated by the results of the client-based evaluation system. The proposed staffing ratios shall include professional, nursing, direct care, medical, clerical, and support staff based on the client-based evaluation system. The commissioner shall recompute staffing ratios and recommendations on a biennial basis.

Sec. 15. [245.475] [COUNTY RESPONSIBILITY TO PROVIDE COMMUNITY SUPPORT SERVICES.]

Subdivision 1. [CLIENT ELIGIBILITY.] The county board shall provide case management and other appropriate community support services to all persons with serious and persistent mental illness. Persons who qualify for general assistance or general assistance medical care under chapter 256D and who apply to the county board for services under this section or section 16 shall have their case management and community support services funded through the mental health fund if neither third party, medical assistance, nor client fees are available to cover the cost of service. Case management services provided to people with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under section 28.

Subd. 2. [DESIGNATION OF CASE MANAGER.] The county board shall designate a case manager within five working days after receiving an application for community support services or immediately after authorizing payment for residential, acute care hospital inpatient, or regional treatment center services under section 16.

The county board shall send a written notice to the applicant and the applicant's representative, if any, that identifies the designated case manager.

Subd. 3. [DIAGNOSTIC ASSESSMENT.] The case manager shall promptly arrange for a diagnostic assessment of the applicant when one is not available as described in section 7, subdivision 2, to determine the applicant's eligibility as a person with serious and persistent mental illness for community support services. The county board shall notify in writing the applicant and the applicant's representative, if any, if the applicant is determined ineligible for community support services.

Subd. 4. [COMMUNITY SUPPORT SERVICES.] Upon a determination of eligibility for community support services, the case manager shall develop an individual community support plan as specified in section 11, subdivision 2, paragraph (b), arrange and authorize payment for appropriate community support services, review the client's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.

Sec. 16. [245.476] [SCREENING FOR INPATIENT AND RESIDENTIAL TREATMENT.]

Subdivision 1. [CLIENT ELIGIBILITY.] The county board shall pay the cost of residential and acute care hospital inpatient services determined by the county board to be necessary under subdivision 2 to all persons with mental illness who apply to the county board for services under this section and qualify for general assistance, general assistance medical care, and Minnesota supplemental aid under chapter 256D, except for those persons who are eligible for medical assistance coverage of inpatient hospital services under chapter 256B.

Subd. 2. [SCREENING REQUIRED.] By January 1, 1989, the county board shall screen all persons before they may be admitted for treatment of mental illness to a residential treatment facility, an acute care hospital inpatient, or informally admitted to a regional treatment center if the mental health fund, medical assistance, or the regional treatment center account is used to pay for the services. Screening prior to admission must occur within ten days. If a person is admitted for treatment of mental illness on an emergency basis to a residential facility or acute care hospital or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five days of the admission. Persons must be screened within ten days before or within five days after admission to ensure that: (1) an admission is necessary, (2) the length of stay is as short as possible consistent with individual client need, and (3) a case manager is immediately assigned to individuals with serious and persistent mental illness and an individual community support plan is developed. A county board representative authorized to approve the use of the mental health fund must be

involved in the placement decision when the mental health professional conducting the screening is not a county employee authorized to approve the use of the mental health fund. The screening process and placement decision must be documented.

Subd. 3. [QUALIFICATIONS.] Screening for residential and inpatient services must be conducted by a mental health professional. Mental health professionals providing screening for inpatient and residential services must not be financially affiliated with any acute care inpatient hospital, residential treatment facility, or regional treatment center.

Subd. 4. [INDIVIDUAL PLACEMENT AGREEMENT.] The county board shall enter into an individual placement agreement with a provider of residential services to a person eligible for services under this section. The agreement must specify the payment rate and terms and conditions of county payment for the placement.

Sec. 17. [245.477] [APPEALS.]

Any person whose application for mental health services under section 15 or 16 is denied, not acted upon with reasonable promptness, or whose services are suspended, reduced, or terminated may contest that action before the state agency as specified in section 256.045.

Sec. 18. [245.478] [LOCAL MENTAL HEALTH PROPOSAL.]

Subdivision 1. [TIME PERIOD.] The first local mental health proposal period is from July 1, 1988, to December 31, 1989. The county board shall submit its first proposal to the commissioner by January 1, 1988. Subsequent proposals must be on the same two-year cycle as community social service plans required by section 256E.09. The proposal must be made available upon request to all residents of the county at the same time it is submitted to the commissioner.

Subd. 2. [PROPOSAL CONTENT.] The local mental health proposal must include:

(1) the local mental health advisory council's or mental health subcommittee of an existing advisory council's report on unmet needs and any other needs assessment used by the county board in preparing the local mental health proposal;

(2) a description of the local mental health advisory council's or the mental health subcommittee of an existing advisory council's involvement in preparing the local mental health proposal and methods used by the county board to obtain participation of citizens,

mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of clients who received each of the mental health services listed in sections 8 to 16, and actual expenditures and revenues for each mental health service;

(4) for the first proposal period only, information for the year during which the proposal is being prepared:

(i) a description of the current mental health system identifying each mental health service listed in sections 8 to 16;

(ii) a description of each service provider, including a listing of the professional qualifications of the staff involved in service delivery, that is either the sole provider of one of the treatment services or management activities described in sections 8 to 16 or that provides over \$10,000 of mental health services per year;

(iii) a description of how the mental health services in the county are unified and coordinated;

(iv) the estimated number of clients receiving each mental health service;

(v) estimated expenditures and revenues for each mental health service; and

(5) the following information describing how the county board intends to meet the requirements of sections 1 to 25 during the proposal period:

(i) specific objectives and outcome goals for each mental health service listed in sections 8 to 16;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the treatment services or management activities described in sections 8 to 16 or to provide over \$10,000 of mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery;

(iii) a description of how the mental health services in the county will be unified and coordinated;

(iv) the estimated number of clients who will receive each mental health service; and

(v) estimated expenditures and revenues for each mental health service.

Subd. 3. [PROPOSAL FORMAT.] The local mental health proposal must be made in a format prescribed by the commissioner.

Subd. 4. [PROVIDER APPROVAL.] The commissioner's review of the local mental health proposal must include a review of the qualifications of each service provider required to be identified in the local mental health proposal under subdivision 2. The commissioner may reject a county board's proposal for a particular provider if:

(1) the provider does not meet the professional qualifications contained in sections 1 to 25;

(2) the provider does not possess adequate fiscal stability or controls to provide the proposed services as determined by the commissioner; or

(3) the provider is not in compliance with other applicable state laws or rules.

Subd. 5. [SERVICE APPROVAL.] The commissioner's review of the local mental health proposal must include a review of the appropriateness of the amounts and types of mental health services in the local mental health proposal. The commissioner may reject the county board's proposal if the commissioner determines that the amount and types of services proposed are not cost effective, do not meet client needs, or do not comply with sections 1 to 25.

Subd. 6. [PROPOSAL APPROVAL.] The commissioner shall review each local mental health proposal within 90 days and work with the county board to make any necessary modifications to comply with sections 1 to 25. After the commissioner has approved the proposal, the county board is eligible to receive an allocation from the mental health fund as described in section 19.

Subd. 7. [PARTIAL OR CONDITIONAL APPROVAL.] If the local mental health proposal is in substantial, but not in full compliance with sections 1 to 25 and necessary modifications cannot be made before the proposal period begins, the commissioner may grant partial or conditional approval and withhold a proportional share of the county board's mental health fund allocation until full compliance is achieved.

Subd. 8. [AWARD NOTICE.] Upon approval of the county board proposal, the commissioner shall send a notice of approval for funding. The notice must specify any conditions of funding and is binding on the county board. Failure of the county board to comply

with the approved proposal and funding conditions may result in withholding or repayment of funds as specified in section 21.

Subd. 9. [PLAN AMENDMENT.] If the county board finds it necessary to make significant changes in the approved local proposal, it must present the proposed changes to the commissioner for approval at least 60 days before the changes take effect. "Significant changes" means:

(1) the county board proposes to provide a mental health service through a provider other than the provider listed for that service in the approved local proposal;

(2) the county board expects the total annual expenditures for any single mental health service to vary more than ten percent from the amount in the approved local proposal;

(3) the county board expects a combination of changes in expenditures per mental health service to exceed more than ten percent of the total mental health services expenditures; or

(4) the county board proposes a major change in the specific objectives and outcome goals listed in the approved local proposal.

Sec. 19. [245.479] [MENTAL HEALTH FUND.]

Subdivision 1. [DEFINITION.] For purposes of this section, "net cost" means the county board's expenditures for services to persons with mental illness, less all offsetting credits other than the mental health fund itself. These offsetting credits include refunds, cancellations, third-party fees, recoveries and similar funds, and state and federal funds other than the mental health fund. These offsetting credits do not include state equalization aid or county board tax dollars. "Net cost" does not include the county share for medical assistance or for inpatient treatment at a state regional treatment center. County expenditures for facilities for emotionally disturbed children licensed under Minnesota Rules, parts 9545.0900 to 9545.1090, are considered expenditures for services to persons with mental illness.

Subd. 2. [PAYMENT LIMITS.] Payments to each county from the mental health fund are limited to the lesser of:

(1) 75 percent of the county's net cost as defined in subdivision 1 and as described in the approved local proposal; or

(2) the total allocated under subdivisions 4 to 7.

Subd. 3. [TIME PERIOD FOR ALLOCATIONS.] The first allocations from the mental health fund must be for the six-month period

July 1 to December 31, 1988. Later allocations must be on a calendar year basis.

Subd. 4. [BASE LEVEL ALLOCATIONS.] Each county's annual allocation from the mental health fund must include an amount at least equal to the sum of the following amounts for persons with mental illness who were the financial responsibility of the county board:

(1) the state funds expended by or for the county board under Minnesota Statutes 1986, sections 245.73 and 256E.12 in fiscal year 1987, with the exclusion of grants made for special one-time projects, the exclusion of grants for programs closed in 1987 and 1988, and with the addition of an annualized equivalent of grants made for new programs opening in 1987 or 1988;

(2) the federal mental health block grant funds allocated for the county board under Minnesota Statutes 1986, section 245.713, subdivision 1, in calendar year 1987;

(3) the state funds expended by or for the county board under Minnesota Statutes 1986, sections 256D.06 and 256D.37, for negotiated rates for adults with mental illness in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 in fiscal year 1987, minus funds expended for facilities closed in 1987 or 1988, plus an annualized equivalent for new facilities approved by the commissioner to open in 1987 or 1988;

(4) the state funds expended by or for the county board under Minnesota Statutes 1986, section 256D.03, for mental health services excluding drugs provided in fiscal year 1986, under the general assistance medical care program; and

(5) 20 percent of the county board's community social services allocation under Minnesota Statutes 1986, section 256E.06 for calendar year 1987.

Subd. 5. [TITLE XX ALLOCATION.] In addition to the allocation under subdivision 4, 20 percent of each county's title XX allocation under section 256E.07 is designated for mental health and is considered a part of the mental health fund.

Subd. 6. [ALLOCATION OF INCREASED FUNDS.] If the state-wide total available for allocation under this section is more than the amount in subdivision 4 and the reserve fund in subdivision 7, the increased funds must be distributed on the basis of the number of persons residing in each county as determined by the most recent data of the state demographer.

Subd. 7. [RESERVE FUND.] The commissioner shall set aside up to five percent of each mental health fund appropriation for a reserve fund. In addition, the reserve fund must include funds returned from counties under section 22. The commissioner shall make allocations from the reserve fund on the following criteria:

(1) the approved local proposal must show that the county board's allocation under subdivisions 4 to 6 will be less than 70 percent of the county board's net cost, or the county board provides new information showing that an unexpected increase in the need or cost of mental health services will result in the county board's mental health fund allocation falling below 70 percent of the county board's net cost;

(2) based on past performance, the county board must demonstrate ability to use funds in a cost-effective way to provide quality services;

(3) the county board and its contractors must use third-party fees, appropriate client fees, and other alternate funds wherever reasonably possible; and

(4) the county board has chosen services and vendors that are cost effective and appropriate to client needs.

Subd. 8. [PAYMENTS TO COUNTY BOARDS.] After the commissioner has approved an allocation from the mental health fund, payments must be on a quarterly basis. Each payment must include the estimated mental health fund share for the current quarter and an adjustment based on the actual mental health fund share for the preceding quarter. The commissioner shall make a payment only after receiving a completed expenditure report for the preceding quarter.

Subd. 9. [MAINTENANCE OF EFFORT.] If the county board's share of the net costs, as determined under subdivision 2, is less than the base level in subdivision 10, the state payment which would otherwise be made under subdivision 2 must be reduced by an amount equal to one-half of the reduction in county tax dollars.

Subd. 10. [COUNTY TAX DOLLARS BASE LEVEL.] The base level of county tax dollars for mental health services for each county includes the total expenditures shown in the county's approved 1987 Community Social Services Act plan under "State CSSA, Title XX and County Tax" for services to persons with mental illness:

(1) plus the total for Rule 5 facilities under target populations other than mental illness in the approved 1987 CSSA plan,

(2) minus the county share for regional treatment center services as identified in the approved 1987 CSSA plan for services to persons with mental illness,

(3) minus 20 percent of the county's state CSSA and title XX allocation for calendar year 1987,

(4) plus the county match for the general assistance, Minnesota supplemental aid, and general assistance medical care state funds, as identified in subdivision 4.

Subd. 11. [COUNTY OF FINANCIAL RESPONSIBILITY.] For purposes of section 16, the county of financial responsibility is the same as that for community social services under section 256E.08, subdivision 7. Disputes between counties regarding financial responsibility must be resolved by the commissioner in accordance with section 256D.18, subdivision 4.

Sec. 20. [245.481] [TRANSFER OF FUNDS.]

Subdivision 1. [BETWEEN APPROPRIATIONS.] To establish the mental health fund, the appropriations for fiscal year 1989 must include a transfer of funds into the mental health fund from the appropriations under sections 256D.03, 256D.06, 256D.37, and 256E.06; and Minnesota Statutes 1986, sections 245.73 and 256E.12. The amount transferred must be based on the statewide total of the base level amounts identified from these appropriations for each county under section 19, subdivision 4. The commissioner may adjust the transfers in the appropriation bill for fiscal year 1989 if new data regarding the base level amounts demonstrates that a different proportion of the affected appropriation is being used for services to persons with mental illness. The amount transferred must include an adjustment to reflect relevant legislative changes in each appropriation from the base period to fiscal year 1989.

Subd. 2. [CSSA AND GAMC TRANSFER.] One-fourth of the annual amounts that would otherwise be transferred under subdivision 1 from the appropriations for community social services and general assistance medical care must be retained by those appropriations to pay for obligations from the preceding fiscal year. The remaining transfer to the mental health fund must be completed in fiscal year 1990.

Subd. 3. [BETWEEN FISCAL YEARS.] Funds appropriated to the commissioner for mental health services for fiscal year 1988 are available for expenditure in fiscal year 1989.

Subd. 4. [LATER APPROPRIATIONS.] Each appropriation for the mental health fund after fiscal year 1989 shall include an increase at least equal to the projected increase in overall national consumer prices as determined by the commissioner of finance.

Subd. 5. [TRANSFER OF INCREASED SHARE OF INPATIENT COSTS.] At the beginning of fiscal year 1990 and each later year, the commissioner shall:

(1) estimate the total receipts from counties for mental health inpatient services under sections 246.54 and 256B.19;

(2) subtract from the total receipts in clause (1) an estimate of what the receipts would have been under Minnesota Statutes 1986, sections 246.54 and 256B.19; and

(3) transfer state funds equal to the increased receipts calculated in clause (2) from the medical assistance account to the mental health fund appropriation. The transfer shall increase the amount otherwise available for allocation to counties under section 19, subdivision 6. Allocations from this transfer are not subject to the maintenance of effort requirements in section 19, subdivision 9.

Sec. 21. [245.482] [REPORTING AND EVALUATION.]

Subdivision 1. [FISCAL REPORTS.] The commissioner shall develop a unified format for quarterly fiscal reports that will include information that the commissioner determines necessary to carry out sections 1 to 25 and section 256E.08. The county board shall submit a completed fiscal report in the required format no later than 15 days after the end of each quarter.

Subd. 2. [PROGRAM REPORTS.] The commissioner shall develop a unified format for a semiannual program report that will include information that the commissioner determines necessary to carry out sections 1 to 25 and section 256E.10. The county board shall submit a completed program report in the required format no later than 75 days after each six-month period.

Subd. 3. [PROVIDER REPORTS.] The commissioner may develop a format and procedures for direct reporting from providers to the commissioner to include information that the commissioner determines necessary to carry out sections 1 to 25. In particular, the provider reports must include aggregate information by county of residence about mental health services paid for by funding sources other than counties.

Subd. 4. [INACCURATE OR INCOMPLETE REPORTS.] The commissioner shall promptly notify a county or provider if a required report is clearly inaccurate or incomplete. The commissioner may delay all or part of a mental health fund payment if an appropriately completed report is not received as required by this section.

Subd. 5. [STATEWIDE EVALUATION.] The commissioner shall use the county and provider reports required by this section to complete the statewide report required in section 1.

Sec. 22. [245.483] [TERMINATION OR RETURN OF AN ALLOCATION.]

Subdivision 1. [FUNDS NOT NEEDED.] If the commissioner determines that funds are not needed to carry out an approved local proposal, or that a county board's projected expenditures will not be sufficient to qualify for its entire mental health fund allocation, and if the county board agrees the funds are not needed, the county board shall immediately return the unneeded funds. County board agreement is not needed when the county's final expenditure report for the year indicates that the county's actual expenditures were not sufficient to qualify for its entire mental health fund allocation.

Subd. 2. [FUNDS NOT PROPERLY USED.] If the commissioner determines that a county is not meeting the requirements of sections 1 to 25 or that funds are not being used according to the approved local proposal, all or part of the mental health fund allocation may be terminated upon 30 days notice to the county board. The commissioner may require repayment of any funds not used according to the approved local proposal. If the commissioner receives a written appeal from the county board within the 30-day period, opportunity for a hearing under the Minnesota administrative procedure act, chapter 14, must be provided before the allocation is terminated or is required to be repaid. The 30-day period begins when the county board receives the commissioner's notice by certified mail.

Subd. 3. [USE OF RETURNED FUNDS.] The commissioner may reallocate the funds returned under subdivision 1 or 2 through the reserve fund under section 19, subdivision 7.

Subd. 4. [DELAYED PAYMENTS.] If the commissioner finds that a county board or its contractors are not in compliance with the approved local proposal or sections 1 to 25, the commissioner may delay all or part of the quarterly mental health fund payment until the county board and its contractors meet the requirements. The commissioner shall not delay a payment longer than three months without first issuing a notice under subdivision 2 that all or part of the allocation will be terminated or required to be repaid. After this notice is issued, the commissioner may continue to delay the payment until completion of the hearing in subdivision 2.

Subd. 5. [STATE ASSUMPTION OF RESPONSIBILITY.] If the commissioner determines that services required by sections 1 to 25 will not be provided by the county board in the manner or to the extent required by sections 1 to 25, the commissioner shall contract directly with providers to ensure that clients receive appropriate

services. In this case, the commissioner shall use the county board's mental health fund allocation to the extent necessary to carry out the county's responsibilities under sections 1 to 25. In addition, the commissioner shall transfer from the county's community social service allocation under Minnesota Statutes 1986, section 256E.06, an amount equal to the county match which would otherwise have been required by sections 1 to 25. The commissioner shall work with the county board to allow for a return of authority and responsibility to the county board as soon as compliance with sections 1 to 25 can be assured.

Sec. 23. [245.484] [RULES.]

The commissioner shall adopt permanent rules as necessary to carry out this act.

Sec. 24. [245.485] [NO RIGHT OF ACTION.]

Sections 1 to 23 do not independently establish a right of action on behalf of recipients of services or service providers against a county board or the commissioner. A claim for monetary damages must be brought under section 3.736 or 3.751.

Sec. 25. [LIMITED APPROPRIATIONS.]

Nothing in sections 1 to 24 shall be construed to require the commissioner or county boards to fund services beyond the limits of legislative appropriations.

Sec. 26. Minnesota Statutes 1986, section 245.713, subdivision 2, is amended to read:

Subd. 2. [TOTAL FUNDS AVAILABLE; REDUCTIONS ALLOCATION.] The amount of funds available for allocation to counties for use by qualified community mental health centers shall be the total amount of Funds granted to the state by the federal government under United States Code, title 42, sections 300X to 300X-9 each federal fiscal year for mental health services reduced by the sum of the following shall be allocated as follows:

(a) Any amount set aside by the commissioner of human services for Indian ~~tribal~~ organizations within the state, which funds shall not duplicate any direct federal funding of Indian ~~tribal~~ organizations and which funds shall ~~not exceed 42~~ be at least 25 percent of the total ~~block grant~~ federal allocation to the state for mental health services; provided that sufficient applications for funding are received by the commissioner which meet the specifications contained in requests for proposals and, money from this source may be used for special committees to advise the commissioner on mental health programs and services for American Indians and other minorities or

underserved groups; and. For purposes of this subdivision, "Indian organization" means an Indian tribe or band or an organization providing mental health services which is legally incorporated as a nonprofit organization registered with the secretary of state and governed by a board of directors having at least a majority of Indian directors.

(b) Any amount calculated into the base of the block grant that is made available by the commissioner for qualified community mental health centers that were receiving grants for operations or other continuing grant obligations defined in United States Code, title 42, sections 300X to 300X-9 immediately prior to its enactment.

(e) An amount not to exceed ten percent of the total allocation for mental health services to be retained by the commissioner for administration.

(d) (c) Any amount permitted under federal law which the commissioner approves for demonstration or research projects for severely disturbed children and adolescents, the underserved, special populations or multiply disabled mentally ill persons. The groups to be served, the extent and nature of services to be provided, the amount and duration of any grant awards are to be based on criteria set forth in the Alcohol, Drug Abuse and Mental Health Block Grant Law, United States Code, title 42, sections 300X to 300X-9, and on state policies and procedures determined necessary by the commissioner. Grant recipients must comply with applicable state and federal requirements and demonstrate fiscal and program management capabilities that will result in provision of quality, cost-effective services.

(e) (d) The amount required under federal law, for federally mandated expenditures.

(e) An amount not to exceed ten percent of the total allocation for mental health services to be retained by the commissioner for planning and evaluation.

Sec. 27. Minnesota Statutes 1986, section 256B.02, subdivision 8, is amended to read:

Subd. 8. [MEDICAL ASSISTANCE; MEDICAL CARE.] "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of this cost:

(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement. The list is not subject to the requirements of sections 14.01 to

14.70. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 256B.50, subdivision 1, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and X-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Establishment of this fee shall not be subject to the requirements of the administrative procedure act. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act;

(14) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the pur-

pose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care attendant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care attendants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) To the extent authorized by rule of the state agency, case management services to persons with serious and persistent mental illness; and

(19) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20.

Sec. 28. Minnesota Statutes 1986, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) Reimbursement under the general assistance medical care program shall be limited to the following categories of service: inpatient hospital care, outpatient hospital care, services provided by medicare certified rehabilitation agencies, prescription drugs, equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level, eyeglasses and eye examinations provided by a physician or optometrist, hearing aids, prosthetic devices, laboratory and X-ray services, physician's services, medical transportation, chiropractic services as covered under the medical assistance program, podiatric services, and dental care. In addition, payments of state aid shall be made for day treatment services provided by a mental health center established under sections 245.61 to 245.69, subdivision 1, and funded through chapter 256E and for prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization.

(b) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under section 256B.02, subdivision 8. The rates payable under this section must be calculated according to section 256.966, subdivision 2.

(c) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(d) Any county may, from its own resources, provide medical 5 payments for which state payments are not made.

(e) Chemical dependency services that are reimbursed under Laws 1986, chapter 394, sections 8 to 20, must not be reimbursed under general assistance medical care.

(f) Mental health services that are reimbursed under the mental health fund, sections 1 to 25, must not be reimbursed under general assistance medical care.

Sec. 29. Minnesota Statutes 1986, section 256D.06, subdivision 3, is amended to read:

Subd. 3. When a general assistance grant is used to pay a negotiated rate for a recipient living in a room and board arrangement or congregate living care, or when a recipient is living in a state hospital ~~or~~, nursing home, or facility for adults with mental illness licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, the recipient shall receive an allowance for clothing and personal needs and the allowance shall not be less than that authorized for a medical assistance recipient pursuant to section 256B.35.

Sec. 30. Minnesota Statutes 1986, section 256D.06, subdivision 6, is amended to read:

Subd. 6. General assistance funds may be paid to cover the cost of room and board needs of for persons who are eligible for general assistance and who are placed by the county in a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, except for adults with mental illness in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Sec. 31. Minnesota Statutes 1986, section 256D.37, subdivision 1, is amended to read:

Subdivision 1. (a) For all individuals who apply to the appropriate local agency for supplemental aid, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program.

(b) When a recipient is an adult with mental illness in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, a resident of a state hospital or a dwelling with a negotiated rate, the recipient is not eligible for a shelter standard, a basic needs standard, or for special needs payments. The state standard of assistance for those recipients is the clothing and personal needs allowance for medical assistance recipients under section 256B.35. Minnesota supplemental aid may be paid to negotiated rate facilities at the rates in effect on March 1, 1985, for services provided under the supplemental aid program to residents of the facility, up to the maximum negotiated rate specified in this section. The rate for room and board for a licensed facility must not exceed \$800. ~~The maximum negotiated rate does not apply to a facility that, on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and Minnesota supplemental aid may not be used to pay a negotiated rate for adults with mental illness in a facility licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690.~~ The following facilities are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until June 30, 1987:

(1) a facility that only provides services to persons with mental retardation; and

(2) a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility as of March 1, 1985, and only provides care to persons aged 65 or older. Beginning July 1, 1987, these facilities are subject to applicable supplemental aid limits, and mental retardation facilities must meet all applicable licensing and reimbursement requirements for programs for persons with mental retardation. The negotiated rates may be paid for persons who are placed by the local agency or who elect to reside in a room and board facility or a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, provided the local agency agrees that this care is needed by the person. When Minnesota supplemental aid is used to pay a negotiated rate, the rate payable to the facility must not exceed the rate paid by an individual not receiving Minnesota supplemental aid. To receive

payment for a negotiated rate, the dwelling must comply with applicable laws and rules establishing standards necessary for health, safety, and licensure. The negotiated rate must be adjusted by the annual percentage change in the urban consumer price index (CPI-U) for Minneapolis-St. Paul as published by the Bureau of Labor Statistics between the previous two Octobers, new series index (1967-100). In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, except that the earned income disregard for disabled persons who are not residents of long-term care facilities ~~shall~~ must be the same as the earned income disregard available to disabled persons in the supplemental security income program, and all actual work expenses ~~shall~~ must be deducted when determining the amount of income for the individual. From ~~and~~ after the first of the month in which an effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 32. Minnesota Statutes 1986, section 256E.03, subdivision 2, is amended to read:

Subd. 2. "Community social services" means services provided or arranged for by county boards to fulfill the responsibilities prescribed in section 256E.08, subdivision 1 to the following groups of persons:

(a) families with children under age 18, who are experiencing child dependency, neglect or abuse, and also pregnant adolescents, adolescent parents under the age of 18, and their children;

(b) persons who are under the guardianship of the commissioner of human services as dependent and neglected wards;

(c) adults who are in need of protection and vulnerable as defined in section 626.557;

(d) persons age 60 and over who are experiencing difficulty living independently and are unable to provide for their own needs;

(e) ~~emotionally disturbed children and adolescents, chronically and acutely mentally ill persons who are unable to provide for their own needs or to independently engage in ordinary community activities;~~

(~~f~~) persons with mental retardation as defined in section 252A.02, subdivision 2, or with related conditions as defined in section

252.27, subdivision 1, who are unable to provide for their own needs or to independently engage in ordinary community activities;

(g) (f) drug dependent and intoxicated persons as defined in section 254A.02, subdivisions 5 and 7, and persons at risk of harm to self or others due to the ingestion of alcohol or other drugs;

(h) (g) parents whose income is at or below 70 percent of the state median income and who are in need of child care services in order to secure or retain employment or to obtain the training or education necessary to secure employment; and

(i) (h) other groups of persons who, in the judgment of the county board, are in need of social services.

Community social services do not include public assistance programs known as aid to families with dependent children, Minnesota supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by sections 145.911 to 145.922.

Sec. 33. Minnesota Statutes 1986, section 256E.06, is amended by adding a subdivision to read:

Subd. 2b. [CALCULATION OF PREVIOUS YEAR'S ALLOCATION.] For allocations during the first year after the effective date of the mental health fund under section 19, the previous year's allocation under subdivision 2 must be adjusted to exclude the mental health share of the state community social services allocation, as defined in section 19.

Sec. 34. Minnesota Statutes 1986, section 256E.07, is amended by adding a subdivision to read:

Subd. 1c. [MENTAL HEALTH ALLOCATION] Twenty percent of each county's title XX allocation under subdivisions 1 to 1b is designated for services to persons with mental illness and is considered a part of the mental health fund under section 19.

Sec. 35. Minnesota Statutes 1986, section 256E.12, subdivision 3, is amended to read:

Subd. 3. The commissioner shall allocate grants under this section to finance up to 90 percent of each county's costs for services for chronically mentally ill persons. The commissioner shall promulgate emergency and permanent rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the services in

helping chronically mentally ill persons remain and function in their own communities. The commissioner shall report to the legislature no later than January 15, 1983 on the effectiveness of the experimental program and shall make recommendations regarding making this program an integral part of the social development programs administered by counties. The experimental program shall expire no later than June 30, 1987 1988.

Sec. 36. [STUDY.]

The commissioner of human services shall study the following issues related to the care and treatment of people with mental illness:

(1) the role of involuntary outpatient treatment in providing a continuum of services to people with mental illness, including the following:

(a) people for whom and conditions under which involuntary outpatient treatment may be appropriate, and

(b) scope of services and payment mechanisms available for involuntary outpatient treatment;

(2) the relationship among procedures and purposes of inpatient commitment, outpatient commitment, and private guardianship;

(3) the appropriate use of involuntary medication in the treatment of mental illness;

(4) the role of family members and other interested persons in formulating and monitoring treatment decisions; and

(5) the appropriate role for commitment and other treatment options in protecting the safety and liberty interests of family members and other members of society.

By January 1, 1988, the commissioner shall develop and present to the legislature recommendations regarding involuntary outpatient treatment.

Sec. 37. [REPEALER.]

Minnesota Statutes 1986, section 245.69, subdivision 1a, is repealed effective immediately on final enactment. Minnesota Statutes 1986, sections 245.713, subdivisions 1 and 3; 245.73; and 256E.12, are repealed effective July 1, 1988.

Sec. 38. [EFFECTIVE DATE.]

Sections 1 to 14, 17 and 18, 23 to 26, 35, 36, and 37 are effective immediately upon final enactment. Sections 15 and 16, 19 to 22, and 27 to 34 are effective July 1, 1988."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for human services, corrections, health, economic security, and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 15A.081, subdivision 1; 86.33, subdivisions 2 and 3; 136C.06; 144.55, subdivision 6; 144.68; 144.69; 144A.05; 144A.071, subdivision 3; 144A.27; 144A.33, subdivision 3; 171.29, subdivision 2; 245.713, subdivision 2; 246.50, subdivisions 3, 4a, 5, 7, and by adding a subdivision; 246.51; 246.511; 251.011, subdivision 6; 252.275, subdivisions 1, 2, 4, and 7; 256.01, subdivisions 2 and 4; 256.045, subdivision 3; 256.73, by adding a subdivision; 256.736, subdivisions 3, 4, 6, and by adding subdivisions; 256.74, subdivision 1; 256.969, subdivision 2; 256.98; 256B.02, subdivision 8, and by adding a subdivision; 256B.03, subdivision 1; 256B.04, subdivisions 14 and 15; 256B.06, subdivision 1, and by adding a subdivision; 256B.064, subdivision 1a; 256B.15; 256B.17, subdivisions 4 and 5; 256B.19, subdivision 1; 256B.35, subdivisions 1 and 2; 256B.421, subdivision 1; 256B.431, subdivisions 2b, 2e, 3a, 4, and by adding subdivisions; 256B.433; 256B.47, subdivision 1, and by adding subdivisions; 256B.48, subdivisions 1 and 6; 256B.50, subdivision 2; 256B.69, subdivisions 6, 11, and by adding subdivisions; 256C.26; 256D.01, subdivision 1a; 256D.02, subdivisions 5 and 8; 256D.03, subdivisions 3, 4, and by adding a subdivision; 256D.05, subdivision 1, and by adding a subdivision; 256D.051, subdivisions 1, 6, and by adding a subdivision; 256D.06, subdivisions 1, 1b, 2, 3, and 6; 256D.08, subdivision 1; 256D.101; 256D.15; 256D.22; 256D.37, subdivision 1; 256E.03, subdivision 2; 256E.06, by adding a subdivision; 256E.07, by adding a subdivision; 256E.12, subdivision 3; 257.35; 257.351, subdivision 15, and by adding subdivisions; 257.354, subdivision 4, and by adding a subdivision; 268.0111, subdivision 8; 268.0122, subdivisions 2 and 3; 268.36; 268.37, subdivision 3; 268.673, subdivision 5, and by adding a subdivision; 268.6751; 268.676; 268.677, subdivision 1; 268.678, subdivisions 1 and 4; 268.681, subdivision 2, and by adding a subdivision; 268.85, subdivision 2; 268.86, subdivisions 1, 2, and 4; 268.871, subdivisions 1, 2, and by adding a subdivision; 268.88; 268.89, subdivision 2; 268.91, subdivisions 1, 2, 3, 4, 5, 6, 7, and by adding subdivisions; 268.911, subdivision 1; 393.07, subdivision 10; 524.3-1201; proposing coding for new law in Minnesota Statutes, chapters 62D; 144; 144A; 245; 246; 256; 256B; 256D; 256E; 257; and 268; repealing Minnesota Statutes 1986, sections 116J.035, subdivision 3; 116L.04, subdivision 3; 136.63, subdivision 1b; 144.66; 144.67; 178.03, subdivision 5; 245.69, subdivision 1a; 245.713, subdivisions 1 and 3; 245.73; 245.74; 245.76; 256.966, subdivision 2; 256B.05, subdivision 4; 256B.07; 256D.051, subdivisions 4, 5, 11, and 12; 256E.12; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; and 268.0111, subdivision 3."

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. 402, A bill for an act relating to obscenity; prohibiting the distribution and exhibition of obscene materials and performances; prescribing penalties; amending Minnesota Statutes 1986, section 617.241.

Reported the same back with the following amendments:

Page 1, line 24, strike "patently offensive"

Page 3, line 21, delete everything after "effective" and insert "August 1, 1987, and applies to crimes committed on or after that date."

With the recommendation that when so amended the bill pass.

The report was adopted.

Voss from the Committee on Taxes to which was referred:

H. F. No. 533, A bill for an act relating to taxation; imposing nondiscrimination requirements on private golf clubs qualifying for taxation under the open space property tax law; amending Minnesota Statutes 1986, section 273.112, subdivisions 3 and 7a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 273.112, subdivision 3, is amended to read:

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

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

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

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

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

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

(d) made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex. If a golf club provides a class or category of membership that provides golfing privileges for more than one adult member of a family, either spouse in that family must be allowed to use the golf facilities at all times except during the times when use is restricted on the basis of sex as provided in the preceding sentence; failure to provide access to either spouse as set forth above constitutes discrimination on the basis of sex for the purposes of this section. For purposes of this subdivision, "either" spouse means one spouse, but not both, and the choice of who may play may be made at any time.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

For purposes of this subdivision and subdivision 7a, "discrimination" means a pattern or course of conduct and, is not linked to an isolated incident.

Sec. 2. Minnesota Statutes 1986, section 273.112, subdivision 6, is amended to read:

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

The county assessor shall refer any question regarding the eligibility for valuation and deferment under this section to the county attorney for advice and opinion under section 388.051, subdivision 1. Upon request of the county attorney, the taxpayer shall furnish information that the county attorney considers necessary in order to determine eligibility under this section.

Within 30 days after receipt of application for deferment of taxes and assessment under this section, the assessor receiving the application shall notify the taxpayer that the application has been either accepted or rejected. If no notification of rejection is received by the taxpayer within the 30-day period, the application shall be deemed accepted and the taxes shall be assessed accordingly. If the assessor, after consultation with the county attorney as required in this subdivision, rejects the application, a written rejection shall specify the reasons for the rejection. In that case the taxpayer shall have 30 days after receipt of the rejection to amend its rules, regulations or bylaws and reapply for deferment under this section. If the reapplication is not rejected within 30 days by the assessor, it shall be deemed accepted and the taxes shall be assessed accordingly. Nothing herein shall affect in any way the taxpayer's right to raise an objection to the county board, or appeal the assessment to the district court or to the tax court.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective for taxes levied in 1987, payable in 1988, and thereafter."

Delete the title and insert:

"A bill for an act relating to taxation; imposing nondiscrimination requirements on private golf clubs qualifying for taxation under the open space property tax law; providing notification to the taxpayer in certain cases; amending Minnesota Statutes 1986, section 273.112, subdivisions 3 and 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 727, A bill for an act relating to public employees; setting salaries and salary ranges for certain employees; amending Minnesota Statutes 1986, sections 15A.081, subdivisions 1, 6, 7, 7b, and by

adding a subdivision; 15A.083, subdivisions 1 and 4; and 298.22, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

Salary Range
Effective

July 1, 1983

\$57,500-\$70,000

Commissioner of education;

Commissioner of finance;

Commissioner of transportation;

Commissioner of human services;

Executive director, state board of
investment;

Commissioner of administration;

\$50,000-\$60,000

Commissioner of agriculture;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of jobs and training;

Commissioner of employee relations;

Commissioner of energy and economic
development;

Commissioner of health;

Commissioner of labor and industry;

Commissioner of natural resources;

Commissioner of revenue;

Commissioner of public safety;

Chair, waste management board;

Chief administrative law judge; office of
administrative hearings;

Director, pollution control agency;

Director, state planning agency;

Executive director, housing finance agency;

~~Executive director, public employees
retirement association;~~

Executive director, teacher's

retirement association;
 Executive director, state retirement
 system;
 Chair, metropolitan council;
 Chair, regional transit board, through
December 31, 1990;
 Coordinator of full productivity and
 opportunity;

Commissioner of human rights; \$40,000-\$52,500
 Director, department of public service;
 Commissioner of veterans' affairs;
 Director, bureau of mediation services;
 Commissioner, public utilities commission;
 Member, transportation regulation board.

Sec. 2. Minnesota Statutes 1986, section 15A.081, subdivision 7, is amended to read:

Subd. 7. [PART-TIME METROPOLITAN OFFICERS.] The governor shall set the salary rate within the range set forth below for the following part-time positions, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Effective July 1, 1985
Chair, metropolitan airports commission	\$15,000-\$25,000
Chair, metropolitan waste control commission	

	Effective <u>January 1, 1991</u>
<u>Chair, regional transit board</u>	<u>\$15,000-\$25,000</u>

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 3. Minnesota Statutes 1986, section 15A.081, subdivision 7b, is amended to read:

Subd. 7b. [HIGHER EDUCATION OFFICERS.] The state university board, the state board for community colleges, the state board of vocational technical education, and the higher education coordinating board shall set the salary rates for, respectively, the chancellor of the state universities, the chancellor of the community colleges, the state director of vocational technical education, and the executive

director of the higher education coordinating board. ~~At least 30 days before the respective board adopts a salary increase according to this subdivision takes effect, the board shall submit the proposed salary increase to the legislative commission on employee relations and the legislature for its review approval, modification, or rejection in the manner provided in section 43A.18, subdivision 2. Salary rates for the positions specified in this subdivision may not exceed 95 percent of the salary set for the governor under subdivision 6.~~

Sec. 4. Minnesota Statutes 1986, section 15A.081, is amended by adding a subdivision to read:

Subd. 7c. [EXECUTIVE DIRECTORS; PUBLIC RETIREMENT SYSTEMS.] The board of directors of the state retirement system, the board of trustees of the public employees retirement association, and the board of trustees of the teachers retirement association shall set the salary rates, respectively, for the executive director of the state retirement system, the executive director of the public employees retirement association, and the executive director of the teachers retirement association. Before a salary established under this subdivision takes effect, the board must submit the proposed salary to the legislative commission on employee relations and the legislature for approval, modification, or rejection in the manner provided in section 43A.18, subdivision 2. Salary rates for the positions covered by this subdivision may not exceed the maximum of the salary range set for the commissioner of commerce under subdivision 1.

Delete the title and insert:

"A bill for an act relating to state government; amending the process for establishing salaries for the chair of the regional transit board, heads of higher education systems, and directors of statewide pension systems; amending Minnesota Statutes 1986, section 15A.081, subdivisions 1, 7, and 7b, and by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kostohryz from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 756, A bill for an act relating to elections; prohibiting cities of the first class from changing their voting systems without demonstrating the effectiveness of a proposed new system; proposing coding for new law in Minnesota Statutes, chapter 204B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [204B.45] [CITY OF FIRST CLASS VOTING SYSTEMS.]

A city of the first class, except the city of St. Paul, shall not change the voting system which it used in the state general election in 1986 until January 1, 1989, for elections held thereafter. For purposes of this section, "voting system" means the method by which votes are or were recorded at state and municipal elections including, but not limited to, paper ballot voting (both absentee and election day), machine voting, punch card voting, and optical scan voting systems.

Sec. 2. Minnesota Statutes 1986, section 206.90, is amended by adding a subdivision to read:

Subd. 6a. [PLACEMENT OF CANDIDATE NAMES.] On ballots used with optical scan voting systems, the titles of offices must be arranged horizontally with the names of the candidates arranged horizontally under the respective titles. The following requirements apply:

(a) The names of all candidates of a political party must be placed in the same column under the clearly designated name of the political party.

(b) If for an office there is no candidate of a party named at the primary, so that a blank space will appear on the ballot, the blank space must contain a notice in the same type size and style as names of candidates, indicating that names of candidates for the office appear to the left or right of the space, whichever applies. This subdivision applies to all elections held in cities of the first class after the effective date of this act, and applies to all other elections held after January 1, 1989."

Delete the title and insert:

"A bill for an act relating to elections; prohibiting cities of the first class, except the city of St. Paul, from changing their voting systems; providing for placement of offices and candidate names on ballots used with optical scan voting systems; amending Minnesota Statutes 1986, section 206.90, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 204B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 777, A bill for an act relating to motor fuels; providing that unleaded gasoline sold in Minnesota after June 30, 1987, must

be blended with ethanol; amending Minnesota Statutes 1986, section 296.05, subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 296.05, is amended by adding a subdivision to read:

Subd. 1a. [UNLEADED GASOLINE.] (a) After June 30, 1988, no unleaded gasoline having an octane rating of 90 or less shall be sold for use in motor vehicles unless it is a gasoline blend consisting of ten percent ethanol, it is free from water, suspended matter, and all impurities, and it conforms to the requirements contained in section 296.01, subdivisions 3 and 24. No person who uses gasoline in a marine or other engine with a displacement of 250 cubic centimeters or less is required to fuel the engine with an ethanol fuel blend. The requirement of this subdivision does not apply to a marina or retail service station that has only one pump for dispensing gasoline.

Sec. 2. Minnesota Statutes 1986, section 296.14, subdivision 2, is amended to read:

Subd. 2. [CREDIT OR REFUND OF TAX PAID.] The commissioner shall allow the distributor credit or refund of the tax paid on gasoline and special fuel:

(1) Exported or sold for export from the state, other than in the supply tank of a motor vehicle or of an aircraft;

(2) Sold to the United States government or to any "cost plus a fixed fee" contractor employed by the United States government on any national defense project;

(3) Sold to another licensed distributor;

(4) Destroyed by accident while in the possession of the distributor;

(5) In error;

(6) Blended with ethanol and sold for storage in an on-farm bulk storage tank, if the tax was not collected on the sale;

(7) In such other cases as the commissioner may permit, not inconsistent with the provisions of this chapter and other laws relating to the gasoline and special fuel excise taxes.

Sec. 3. [REPEALER.]

Minnesota Statutes 1986, section 296.02, subdivision 7, is repealed.

Sec. 4. [EFFECTIVE DATES.]

Section 1 is effective July 1, 1988. Section 2 is effective October 1, 1988.

Delete the title and insert:

"A bill for an act relating to motor fuels; providing that unleaded gasoline having an octane rating of 90 or less and sold in Minnesota after June 30, 1988, must be blended with ethanol; providing for tax credit or refund in certain cases; amending Minnesota Statutes 1986, sections 296.05, by adding a subdivision; and 296.14, subdivision 2; repealing Minnesota Statutes 1986, section 296.02, subdivision 7."

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

The report was adopted.

Anderson, G., from the Committee on Appropriations to which was referred:

H. F. No. 837, A bill for an act relating to natural resources; creating the state board of water and land resources and providing for its administration and powers and duties; abolishing the state soil and water conservation board and the water resources board; amending the duties of the environmental quality board; amending Minnesota Statutes 1986, sections 40.01, subdivision 4; 40.03, subdivision 4; 40.035, subdivision 2; 40.21, subdivisions 1 and 3; 40.43, subdivision 1; 105.73; 110B.02, subdivision 2; 112.35, subdivision 4; 116C.03, subdivision 2; 473.876, by adding a subdivision; 473.877, subdivision 2; 473.8771, subdivisions 1 and 2; and 473.878, subdivisions 7 and 8; proposing coding for new law in Minnesota Statutes, chapter 110B; repealing Minnesota Statutes 1986, sections 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; and 116C.41, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1987," "1988," and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

SUMMARY BY FUND

	1987	1988	1989	TOTAL
General	\$1,089,200	\$ 88,729,600	\$ 88,162,500	\$ 177,981,300
Special Revenue		4,310,400	4,660,400	8,970,800
Airports		10,890,100	11,707,000	22,597,100
M.S.A.S.		59,500,000	60,000,000	119,500,000
C.S.A.H.		186,000,000	187,400,000	373,400,000
Tr. Hwy.		657,638,400	653,902,000	1,311,540,400
Hwy. User		8,968,600	9,012,100	17,980,700
Transit Assistance		5,747,500	5,747,500	11,495,000
Motor Vehicle Transfer		868,800	868,800	1,737,600
TOTAL	\$1,089,200	\$1,022,653,400	\$1,021,460,300	\$2,045,202,900

APPROPRIATIONS
Available for the Year
Ending June 30
1988 1989

Sec. 2. TRANSPORTATION

Subdivision 1. Total

Appropriation	\$865,537,600	\$864,563,900
1988	1989	
Approved Complement-		
4,656	4,654	
General-		
15	12	
State Airports-		
40	40	
Trunk Highway-		
4,585	4,586	
Federal-		
16	16	

The appropriations in this section are from the trunk highway fund, except where another fund is named.

Summary by Fund

General

\$ 4,492,200 \$ 4,377,200

Airports

\$ 10,890,100 \$ 11,707,000

M.S.A.S.

\$ 59,500,000 \$ 60,000,000

C.S.A.H.

\$186,000,000 \$187,400,000

Trunk Highway

\$602,639,000 \$599,063,400

Transit Assistance

\$ 1,147,500 \$ 1,147,500

Motor Vehicle Transfer

\$ 868,800 \$ 868,800

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

	1988	1989
	\$	\$
Subd. 2. Highway Development	602,864,700	603,350,900
Summary by Fund		
M.S.A.S.		
\$ 59,500,000	\$ 60,000,000	
C.S.A.H.		
\$186,000,000	\$187,400,000	
Trunk Highway		
\$356,495,900	\$355,082,100	
Motor Vehicle Transfer		
\$ 868,800	\$ 868,800	
(a) Trunk Highway Development		
1988	1989	
\$346,275,300	\$346,275,300	
Summary by Fund		
Trunk Highway		
\$345,406,500	\$345,406,500	
Motor Vehicle Transfer		
\$868,800	\$868,800	

It is estimated that the appropriation from the trunk highway fund will be funded as follows:

Federal Highway Aid

\$222,000,000 \$207,000,000

Highway User Taxes

\$123,406,500 \$138,406,500

The commissioner of transportation shall notify the chairman of the senate finance committee and chairman of the house appropriations committee promptly of any events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to land owners for lands acquired for highway right-of-way, payment to lessees, interest subsidies, and relocation expenses.

(b) County State Aids

\$186,000,000 \$187,400,000

	1988	1989
\$		\$

This appropriation is from the county state-aid highway fund and is available until spent.

(c) Municipal State Aids

\$59,500,000	\$60,000,000
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This appropriation is from the municipal state-aid street fund and is available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

(d) Highway Debt Service

\$11,089,400	\$9,675,600
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For transfer to the state bond fund.

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation must be canceled to the trunk highway fund.

Subd. 3. Highway Operations

170,570,600	169,738,700
-------------	-------------

The amounts that may be spent from this appropriation for each activity are as follows:

	1988	1989
	\$	\$
(a) Maintenance		
\$119,967,300	\$119,719,100	
(b) Construction Support		
\$50,603,300	\$50,019,600	
Subd. 4. Technical Services	40,513,200	39,942,000
The amounts that may be spent from this appropriation for each activity are as follows:		
(a) Program Delivery		
\$37,126,200	\$36,564,400	
(b) State Aid Technical Assistance		
\$911,900	\$909,900	
(c) Electronic Communications		
\$2,475,100	\$2,467,700	
Subd. 5. Non-Metropolitan Transit Assistance	4,912,500	4,912,500
Summary by Fund		
General		
\$3,765,000	\$3,765,000	
Transit Assistance		
\$1,147,500	\$1,147,500	
Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.		
Subd. 6. Program Management	7,330,300	7,217,000
Summary by Fund		
General		
\$683,600	\$565,900	
Trunk Highway		
\$6,646,700	\$6,651,100	

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Highway Programs		
\$1,789,100	\$1,784,600	

	1988	1989
	\$	\$
Summary by Fund		
General		
\$70,900	\$70,900	
Trunk Highways		
\$1,718,200	\$1,713,700	
<p>\$225,000 the first year and \$225,000 the second year are available for grants to regional development commissions outside the seven-county metropolitan area for transportation studies to identify critical concerns, problems, and issues.</p>		
(b) Motor Carrier Safety and Compliance		
\$1,062,200	\$1,059,600	
(c) Railroads and Waterways		
\$908,200	\$905,900	
Summary by Fund		
General		
\$233,600	\$233,300	
Trunk Highway		
\$674,600	\$672,600	
(d) Transit Administration		
\$594,000	\$476,500	
Summary by Fund		
General		
\$379,100	\$261,700	
Trunk Highway		
\$214,900	\$214,800	
(e) Transportation Data, Research, and Analysis		
\$2,976,800	\$2,990,400	

	1988	1989
	\$	\$
Subd. 7. General Support Services	28,600,700	27,835,800

Summary by Fund

General

\$43,600	\$46,300
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Airports

\$144,500	\$140,000
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Trunk Highway

\$28,412,600	\$27,649,500
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) Finance and Administration

\$8,556,600	\$8,530,500
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(b) General Services

\$7,383,400	\$7,453,300
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Summary by Fund

General

\$38,900	\$41,600
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Airports

\$78,800	\$83,100
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Trunk Highway

\$7,265,700	\$7,328,600
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(c) Equipment

\$11,672,500	\$10,863,800
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If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

General

\$4,700	\$4,700
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Airports

\$65,700	\$56,900
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Trunk Highway

\$11,602,100	\$10,802,200
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	1988	1989
	\$	\$
(d) Legal Services		
	\$988,200	\$988,200

This appropriation is for the purchase of legal services from or through the attorney general.

Subd. 8. Aeronautics	10,745,600	11,567,000
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The amounts that may be spent from this appropriation for each activity are as follows:

(a) Aeronautics Operations		
	\$1,089,500	\$1,156,800
(b) Airport Development and Assistance		
	\$9,552,000	\$10,306,100

\$1,563,700 the first year and \$1,546,600 the second year are for navigational aids.

\$4,828,800 the first year and \$5,689,100 the second year are for airport construction grants.

\$1,713,000 the first year and \$1,713,000 the second year are for airport maintenance grants.

If the appropriation for either year for navigational aids, airport construction grants, or airport maintenance grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

These appropriations must be expended in accordance with Minnesota Statutes, section 360.305, subdivision 4.

The commissioner of transportation may transfer unencumbered balances among the appropriations for airport development and assistance with the approval of the governor after consultation with the legislative advisory commission.

	1988	1989
\$		\$

\$8,000 the first year and \$8,000 the second year are for maintenance of the Pine Creek Airport.

(c) Air Transportation Services

\$39,100	\$39,100
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(d) Civil Air Patrol

\$65,000	\$65,000
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Subd. 9. Transfers

The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriation for trunk highway development. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers may not be made between funds. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Subd. 10. Contingent Appropriations

(a) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the state airports fund to an appropriation for state airports purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the state airports fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.

	1988	1989
	\$	\$
(b) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation for trunk highway purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the trunk highway fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.		

Subd. 11. Budget Reduction Transfer

Notwithstanding any other law to the contrary, the commissioner of finance shall reduce the distribution of the motor vehicle excise tax transfer as provided by Minnesota Statutes, section 297B.09, subdivision 2, paragraph (c), by \$900,000 for the biennium ending June 30, 1989.

Sec. 3. REGIONAL TRANSIT BOARD

	20,126,500	20,126,500
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Summary by Fund

General

	\$15,526,500	\$15,526,500
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Transit Assistance

	\$4,600,000	\$4,600,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subdivision 1. Regular Route Service

	11,721,500	11,721,500
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Subd. 2. Metro Mobility

	6,000,000	6,000,000
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Subd. 3. Small Urban, Rural, and Replacement Services

	730,000	730,000
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Subd. 4. Test Marketing of New Services

	400,000	400,000
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	1988	1989
	\$	\$
Subd. 5. Light Rail Transit Studies	200,000	200,000
Subd. 6. Planning and Programs	750,000	750,000
Subd. 7. Administration	325,000	325,000

The board may not reduce the amounts available for expenditure under subdivisions 1 to 4 or spend any money, except money received from federal grants and private contributions, for the purposes of subdivisions 5 to 7 in addition to the amounts appropriated.

During the biennium ending June 30, 1989, the board may not transfer funds among categories, may not be a recipient of federal capital or operating assistance for transit, and may not alter fare policies or allow the metropolitan transit commission to alter fare schedules existing on January 1, 1987, until: (1) the board has satisfied statutory planning requirements by (i) adopting plans and policies on fares, as required by Laws 1985, First Special Session chapter 10, section 30, (ii) adopting an implementation plan under Minnesota Statutes 1986, section 473.161, that has been approved by the metropolitan council and includes any revisions required by the council under Minnesota Statutes 1986, section 473.161, (iii) adopting an approved financial plan under Minnesota Statutes, section 473.38, subdivision 2, and (iv) submitting the implementation and financial plans adopted under items (ii) and (iii) to the legislature with its request for state financial assistance; and (2) the legislature has acted on the board's request for state financial assistance submitted under clause (1).

The board may supplement any of the appropriations made in subdivisions 1 to 7 from its fund balance reserve.

	1988	1989
	\$	\$
<p>The board shall study and report to the legislature on the effects, advantages, and disadvantages of transferring the authority to receive federal capital and operating assistance from the metropolitan transit commission to the board and on how and for what purpose the board would use the funds differently than the commission.</p>		

Sec. 4. TRANSPORTATION

REGULATION BOARD

531,500

531,500

Approved Complement — 8

This appropriation is from the trunk highway fund.

Sec. 5. PUBLIC SAFETY

Subdivision 1.

Total Appropriation

82,700,600

82,590,800

1988

1989

Approved Complement —

1,679.4

1,679.4

General-

393.7

393.7

Special Revenue-

3.0

3.0

Trunk Highway-

1,060.8

1,060.8

Highway User-

173.6

173.6

Federal-

48.3

48.3

The above approved complement includes 511 for state-funded, unclassified patrol officers and supervisors of the state patrol. Nothing in this provision is intended to limit the authority of the commissioner of public safety to transfer personnel, with the approval of the commissioner of finance, among the various units and divisions within this section, provided that the above complement must be reduced accordingly.

	\$	1988	\$	1989
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No new state patrol supervisory positions may be established, with the exception of special duty assigned ranks for the length of assignment only.

Summary by Fund

General

\$20,064,800	\$20,022,300
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For 1987 - \$900,000

Trunk Highway

\$53,417,200	\$53,256,400
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Highway User

\$ 8,718,600	\$ 8,762,100
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Special Revenue

\$ 500,000	\$ 550,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$175,000 the first year and \$175,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

Subd. 2. Administration and Related Services

\$ 4,348,200	\$ 4,246,900
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Summary by Fund

General

\$ 52,500	\$ 52,500
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Trunk Highway

\$4,205,700	\$4,104,400
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Highway User

\$ 90,000	\$ 90,000
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Subd. 3. Emergency Services

\$ 886,300	\$ 887,000
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	1988	1989
	\$	\$
<p>\$341,700 the first year and \$342,000 the second year are for nuclear plant preparedness. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.</p>		

Subd. 4. Criminal Apprehension

\$11,145,900	\$11,126,900
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Summary by Fund

General

\$10,221,300	\$10,200,700
--------------	--------------

Trunk Highway

\$ 924,600	\$ 926,200
------------	------------

\$223,300 the first year and \$223,300 the second year are for use by the bureau of criminal apprehension for the purpose of investigating cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$67,800 the first year and \$67,600 the second year are for the bureau of criminal apprehension to continue to provide in-service training for peace officers on a regional basis.

\$171,000 the first year and \$171,000 the second year are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 5. Fire Safety

\$1,801,800	\$1,798,800
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	1988	1989
	\$	\$

Subd. 6. State Patrol

\$35,056,000	\$ 34,975,600
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This appropriation is from the trunk highway fund.

This appropriation includes funds reinstating legislative policy by compensating all state patrol troopers, corporals, and sergeants in the amount of \$6 per day in addition to their base salary for meals and business expenses incurred in the performance of their assigned duties in their patrol areas on the days members work five or more hours. Business expenses include, but are not limited to, uniform costs, home garaging of squad cars, and maintenance of home office.

During the biennium ending June 30, 1989, and notwithstanding any law to the contrary, the commissioner shall authorize the appointing authority to permit the donation of up to eight hours of accumulated vacation time in each year by each employee who is a member of law enforcement unit number 1 to their union representative for the purpose of carrying out the duties of office.

Subd. 7. Capitol Security

\$1,285,500	\$1,271,000
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Subd. 8. Driver and Vehicle Licensing

\$26,163,100	\$26,231,600
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Summary by Fund

General

\$ 4,303,600	\$ 4,309,300
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Trunk Highway

\$ 13,230,900	\$13,250,200
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Highway User

\$ 8,628,600	\$ 8,672,100
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\$471,400 the first year and \$471,400 the second year are for alcohol assessment reimbursements to counties.

	\$	1988	\$	1989
Subd. 9. Liquor Control				
	\$	694,800	\$	684,400

Subd. 10. Ancillary Services				
	\$	1,494,000	\$	1,543,600

Summary by Fund

General

	\$994,000	\$993,600
For 1987 - \$900,000		
Special Revenue		

	\$500,000	\$550,000
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\$900,000 is appropriated from the general fund for the fiscal year ending June 30, 1987, for crime victims and is added to the appropriation in Laws 1985, First Special Session chapter 10, section 4, subdivision 10.

\$827,200 the first year and \$826,900 the second year from the general fund and \$500,000 the first year and \$550,000 the second year from the special revenue fund are for the crime victims reparations board. Any unencumbered balance remaining the first year does not cancel but is available for the second year of the biennium.

\$115,000 the first year and \$115,000 the second year are for the hazardous substance activity.

The crime victims reparations board shall, to the extent possible, distribute the appropriation in equal monthly increments for fiscal year 1988 and fiscal year 1989. In no case shall the total awards exceed the appropriation made in this subdivision.

\$51,800 the first year and \$51,700 the second year are for the expenses of the Private Detective and Protective Agency Licensing Board.

Subd. 11. Transfers

	1988	1989
	\$	\$

The commissioner of public safety with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs within a fund. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Subd. 12. Reimbursements

(a) \$688,000 for the first year and \$687,600 for the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

(b) \$257,300 for the first year and \$257,200 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user fund purposes in the administration and related services program.

	1988	1989
	\$	\$
(c) \$520,900 for the first year and \$556,300 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on January 1, 1988 and January 1, 1989 respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.		

Sec. 6. AGRICULTURE

Subdivision 1. Total Appropriation

	13,198,500	13,228,900
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Approved Complement - 465.8

General - 210.3

Special/Revolving - 237.2

Federal - 18.3

Summary by Fund

General

\$13,010,700	\$13,041,100
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Special Revenue

\$ 187,800	\$ 187,800
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$190,000 the first year and \$190,000 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund.

Subd. 2. Protection Service

\$3,980,000	\$3,963,600
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	1988	1989
\$		\$

Of this amount \$40,000 the first year and \$40,000 the second year are to increase the detection and management of oak wilt in the state's shade trees. Any unencumbered balance remaining in the first year shall not cancel but is available for the second year of the biennium.

Subd. 3. Family Farm Security

\$2,095,100	\$2,094,500
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\$1,800,000 the first year and \$1,800,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 1988, and no new loans may be approved in fiscal year 1989.

Subd. 4. Administrative Support and Grants

\$3,683,900	\$3,733,500
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Summary by Fund

General

\$3,496,100	\$ 3,545,700
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Special Revenue

\$ 187,800	\$ 187,800
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\$358,000 the first year and \$358,000 the second year are for grants to agricultural societies, associations, and institutions.

\$30,900 the first year and \$30,900 the second year are for payment of claims relating to livestock damaged by endangered animal species. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$187,800 the first year and \$187,800 the second year are from the commodities research and promotion account in the special revenue fund.

	1988	1989
	\$	\$
Notwithstanding any other law to the contrary, funding for the Seaway Port Authority of Duluth shall remain in the department of agriculture.		
Subd. 5. Water and Soil Resources Board	3,629,500	3,627,300
Approved Complement - 19		

For the biennium ending June 30, 1989, the commissioner of agriculture shall provide suitable and adequate office facilities and space for the water and soil resources board. The commissioner shall also provide administrative services required by the board in administration of its assigned functions.

\$664,200 the first year and \$664,200 the second year are for general purpose grants in aid to soil and water conservation districts.

\$152,300 the first year and \$152,300 the second year are for grants to districts for technical assistance, education, and demonstrations of conservation tillage.

\$198,500 the first year and \$198,500 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for flood plain management.

\$1,501,000 the first year and \$1,501,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

The appropriations in this section for the southern Minnesota river basin study area 2 and for grants to soil and water districts for cost-sharing contracts for erosion control and water quality management are available until expended.

	\$ 1988	\$ 1989
\$158,700 the first year and \$158,700 the second year are for grants in aid to soil and water conservation districts and local units of government to assist them in solving sediment and erosion control problems. Grants must not exceed 50 percent of total project costs or 50 percent of the local share if federal money is used. Priority must be given to projects designed to solve lakeshore, stream bank, and roadside erosion and to projects eligible for federal matching money.		
\$12,400 the first year and \$12,400 the second year are for grants to soil and water conservation districts for review and comment on water permits.		

Subd. 6. Transfers

The commissioner of agriculture with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 7. BOARD OF ANIMAL HEALTH

1,580,100	1,570,300
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Approved Complement - 36

This appropriation includes \$39,900 the first year and \$39,900 the second year for payment of indemnities. If the appropriation for indemnities for either year is insufficient, the appropriation for the other year is available for it. Indemnities of less than \$1 must not be paid.

Sec. 8. COMMERCE

Subdivision 1. Total Appropriation

9,843,800	9,571,000
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Approved Complement - 239

General - 236

Special Revenue - 3

	1988	1989
	\$	\$
Summary by Fund		
General		
\$9,582,600	\$9,309,700	
For 1987 - \$189,200		
Special Revenue		
\$ 261,200	\$ 261,300	
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Financial Examinations		
\$4,066,100	\$3,969,300	
For 1987 - \$189,200		
This appropriation is for bank examinations and is added to the appropriation in Laws 1985, First Special Session chapter 10, section 7, subdivision 2.		
Subd. 3. Registration and Analysis		
\$1,716,500	\$ 1,696,700	
Subd. 4. Administrative Services		
\$ 1,627,100	\$1,627,800	
Subd. 5. Enforcement and Licensing		
\$2,434,100	\$2,277,200	
Summary by Fund		
General		
\$2,172,900	\$2,015,900	
Special Revenue		
\$ 261,200	\$ 261,300	

\$261,200 the first year and \$261,300 the second year are from the real estate education, research and recovery account in the special revenue fund for the purpose of Minnesota Statutes, section 82.34, subdivision 6. If the appropriation from the special revenue fund for either year is insufficient, the appropriation for the other year is available for it.

	1988	1989
	\$	\$
\$271,800 the first year and \$119,900 the second year are from the general fund to perform a one-time study of insurance claims data maintained by insurance companies. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.		

Subd. 6. Transfers

The commissioner with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 9. NON-HEALTH-RELATED BOARDS

Subdivision 1. Total for this section	890,900	891,200
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Subd. 2. Board of Abstractors	3,900	3,900
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Subd. 3. Board of Accountancy	344,600	340,800
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Approved Complement - 5

Subd. 4. Board of Architecture, Engineering, Land Surveying, and Landscape Architecture	351,500	357,700
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Approved Complement - 6

Subd. 5. Board of Barber Examiners	137,000	134,900
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Approved Complement - 3

Subd. 6. Board of Boxing	53,900	53,900
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Approved Complement - 1.5

Subd. 7. Board of Electricity

Approved Complement - 18.0

These positions are funded from the special revenue fund.

Sec. 10. BOARD OF PEACE OFFICER STANDARDS AND TRAINING

General Operations and Management	3,300,000	3,600,000
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	1988	1989
	\$	\$
Approved Complement - 9		
These appropriations are from the peace officers training account in the special revenue fund.		
The board of peace officer standards and training is increased by two members. They must be appointed by the governor from among peace officers, at least one of whom must be a member of the Minnesota state patrol association.		
Notwithstanding any other law to the contrary, any presently duly elected sheriff may perform all the duties of the office provided the sheriff continues and completes required professional educational programs within the sheriff's current term of office.		

Sec. 11. PUBLIC UTILITIES COMMISSION

1,889,000 1,715,400

Approved Complement - 40.0

Notwithstanding Minnesota Statutes, section 216B.243, subdivision 6, the commission and department shall assess amounts billed by the office of administrative hearings for certificate of need applications, not to exceed \$300,000 per application, during the biennium ending June 30, 1989, pursuant to section 216B.62, subdivision 6.

Sec. 12. PUBLIC SERVICE

Subdivision 1. Total Appropriation

6,252,700 6,240,100

	1988	1989
Approved Complement -		
General-	149.1	132.3
Special Revenue-	125.3	125.3
Federal-	6.8	5.5
	17.0	1.5

	1988	1989
	\$	\$
Summary by Fund		
General-		
\$6,191,300	\$6,178,800	
Special Revenue-		
\$ 61,400	\$ 61,300	
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Utility Regulation		
\$1,777,200	\$ 1,773,000	
Subd. 3. Weights and Measures		
\$1,881,100	\$1,876,400	
Subd. 4. Administrative Services		
\$ 608,300	\$ 608,600	
Subd. 5. Energy		
\$1,986,100	\$1,982,100	
Summary by Fund		
General-		
\$1,924,700	\$1,920,800	
Special Revenue-		
\$ 61,400	\$ 61,300	
Subd. 6. Transfers		
The department of public service, with the approval of the commissioner of finance, may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations in the house of representatives.		
Sec. 13. RACING COMMISSION	867,900	872,800
Approved Complement - 10		
General - 8		
Special Revenue - 2		
Sec. 14. CHARITABLE GAM- BLING CONTROL BOARD	609,000	619,100
Approved Complement - 14		
Sec. 15. ETHICAL PRACTICES BOARD	215,700	215,900

	1988	1989
	\$	\$
Approved Complement - 5		
Sec. 16. MINNESOTA MUNICIPAL BOARD	228,200	227,900
Approved Complement - 4		
Sec. 17. MINNESOTA- WISCONSIN BOUNDARY AREA COMMISSION	99,500	99,200
Sec. 18. UNIFORM LAWS COMMISSION	14,900	14,900
These amounts include funds to pay the expenses of life members to attend the annual meetings of the National Conference of Commissioners on Uniform State Laws.		
Sec. 19. VOYAGEURS NATIONAL PARK CITIZENS COMMITTEE	82,900	87,900
Notwithstanding any law to the contrary, the citizens council on Voyageurs National Park is extended until June 30, 1989.		
Sec. 20. MINNESOTA HISTORICAL SOCIETY		
Subdivision 1. Total Appropriation	9,620,400	9,618,000
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
Subd. 2. Minnesota Historical Society Operations	8,672,200	8,684,200
Admission income from Fort Snelling is appropriated to the Minnesota historical society for historic site operations.		
Any unencumbered balance remaining at the end of the first year must be returned to the state treasury and credited to the general fund.		

	1988	1989
\$	\$	
<p>The appropriation in this subdivision includes no money for compensation increases. The Minnesota historical society is eligible for a salary supplement in the same manner as state agencies. The commissioner of finance will determine the amount of the salary supplement based on available funds. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.</p>		
Subd. 3. Repair and Replacement	325,000	225,000
<p>\$100,000 the first year is for the restoration and preservation of murals, stencils, sculptures, statues, paintings, built-in exhibit areas, and objects of art or historical artifacts in the public areas of the state capitol, including the governor's anteroom, reception room, and private office.</p> <p>If the appropriation for either year is insufficient, the appropriation for the other year is available for it.</p>		
Subd. 4. Historic Grant-In-Aid	286,100	286,100
(a) Historic Preservation		
\$259,600	\$259,600	
<p>For historic site grants to encourage local historic preservation projects.</p> <p>To be eligible for a grant, a county or local project group must provide a 50 percent match, in accordance with the historical society's guidelines.</p> <p>Any unencumbered balance remaining in the first year does not cancel but is available for the second year.</p>		
(b) Archaeology		
\$26,500	\$26,500	
Subd. 5. Fiscal Agent	262,100	212,100
(a) Sibley House Association		
\$58,000	\$58,000	

This appropriation is available for operation and maintenance of the Sibley House and related buildings on the Old Mendota state historic site owned by the Sibley House association.

Notwithstanding any other law, the Sibley House association may purchase fire, wind, hail, and vandalism insurance, and insurance coverage for fine art objects from this appropriation.

(b) Minnesota Humanities Commission

\$47,100 \$47,100

The Minnesota humanities commission may establish a humanities resource center to ensure balance in public education and in the cultural life of the state. The humanities resource center may transport people and resources to small towns, rural communities, and urban settings to provide high quality educational and cultural programs to schools and community organizations throughout Minnesota.

(c) Minnesota International Center

\$38,000 \$38,000

(d) Camp Ripley Military Museum

\$30,000

(e) Minnesota Air National Guard Museum

\$20,000

(f) Government Learning Center

\$69,000 \$69,000

This appropriation is for Project 120.

(g) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Subd. 6. State History Center

\$75,000 \$210,600

1988

1989

\$

\$

75,000

210,600

	1988	1989
	\$	\$

This appropriation is available only if legislation is enacted providing funding for construction of a new state history center.

The Minnesota historical society shall conduct an interim study, in cooperation with county historical organizations of their choice and the department of finance, to determine changes and revisions required in the Historic Sites Act of 1965. The study shall identify those historic sites that merit preservation and interpretation and include a plan for financing their development and operations. The study shall include recommendations by the society on which sites should charge admission fees and the amount of the proposed fee, by site. The historical society shall report the results of this study to the chairs of the senate finance committee and house of representatives appropriations committee, and the governor by July 1, 1988.

Sec. 21. BOARD OF THE ARTS

Subdivision 1. Total Appropriation

3,130,100	3,130,100
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1988	1989
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Approved Complement —

14	15
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General-

11	12
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Federal-

3	3
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Amounts that may be spent from this appropriation are specified below.

At least \$35,000 the first year and \$35,000 the second year are for the support of the American craft council national craft fair.

\$1,009,900 the first year and \$1,009,900 the second year are for the support of regional arts councils throughout the state.

	\$ 1988	\$ 1989
Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.		
Sec. 22. MINNESOTA HORTICULTURAL SOCIETY	66,400	66,400
Sec. 23. MINNESOTA ACADEMY OF SCIENCE	30,600	35,600
Sec. 24. SCIENCE MUSEUM OF MINNESOTA	508,400	514,700
Sec. 25. MINNESOTA SAFETY COUNCIL	50,700	50,700
This appropriation is from the trunk highway fund.		
Sec. 26. VETERANS OF FOREIGN WARS	27,500	27,500
For carrying out the provisions of Laws 1945, chapter 455.		
Sec. 27. GENERAL CONTINGENT ACCOUNTS	650,000	650,000

The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

Trunk Highway Fund

\$400,000 \$400,000

Highway User Tax Distribution Fund

\$250,000 \$250,000

Sec. 28. TORT CLAIMS

600,000 600,000

To be spent by the commissioner of finance.

This appropriation is from the trunk highway fund.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 29. [ANCHOR LAKE TRAVEL INFORMATION CENTER.]

The commissioner of transportation shall assume the responsibility of operating the Anchor Lake travel information center effective July 1, 1987. The complement of the department of transportation is increased up to three positions for this purpose.

Sec. 30. [EXPORT FINANCE AUTHORITY WORKING CAPITAL ACCOUNT.]

The balance in the export finance authority working capital account shall be maintained at \$1,000,000.

Sec. 31. [EMERGENCY RESPONSE COMMISSION.]

The governor may designate the hazardous substance notification advisory committee to serve as and perform the functions of the state emergency response commission provided for under title III of the Superfund Amendments and Reauthorization Act of 1986. The governor may also appoint representatives of state agencies to serve on the state emergency response commission.

Sec. 32. [WATER AND SOIL RESOURCES BOARD: TRANSITIONAL MEMBERSHIP; COMPLEMENT.]

Subdivision 1. [TRANSITIONAL MEMBERSHIP.] Notwithstanding and in addition to the members specified in other, permanent law, the initial water and soil resources board shall have four temporary members consisting of soil and water conservation district supervisors, through December 31, 1989.

Subd. 2. [TRANSFER OF EMPLOYEES.] The classified and unclassified state positions and employees of the state soil and water conservation board and water resources board are transferred to the water and soil resources board under section 15.039, subdivision 7. The unclassified position of the executive director of the water resources board and the classified position of the executive director of the soil and water conservation board must be placed in proper job classification in the classified service without examination by the commissioner of employee relations.

Sec. 33. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "state soil and water conservation board," "water resources board," "water policy board," or other language intended to refer to those boards, wherever they appear in Minnesota Statutes to "water and soil resources board" or other appropriate language to refer to the water and soil resources board.

Sec. 34. Minnesota Statutes 1986, section 12.14, is amended to read:

12.14 [ASSESSMENT FOR NUCLEAR SAFETY PREPAREDNESS ACT.]

Any person, firm, corporation or association in the business of owning or operating a nuclear fission electrical generating plant located in Minnesota, shall pay an assessment to cover the cost of nuclear power plant emergency response plans and other programs necessary to deal with incidents resulting from the operation of nuclear fission electrical generating plants. An assessment of ~~\$75,000~~ \$137,500 per plant shall be paid to the commissioner of public safety on July 1 of each year.

Sec. 35. Minnesota Statutes 1986, section 17A.04, subdivision 5, is amended to read:

Subd. 5. [LICENSE FEE.] The applicant shall submit to the commissioner the following applicable fees and penalties for late renewal:

(a) ~~\$150~~ \$300 for each livestock market agency and public stockyard license, penalty ~~\$38~~ \$75;

(b) ~~\$50~~ \$100 for each livestock dealer license, penalty ~~\$13~~ \$25;

(c) ~~\$30~~ \$50 for each agent of a livestock dealer license, penalty ~~\$10~~ \$15;

(d) ~~\$50~~ \$100 for each meat packing company license, penalty ~~\$13~~ \$25;

(e) ~~\$30~~ \$50 for each agent of a meat packing company license, penalty ~~\$10~~ \$15.

Sec. 36. Minnesota Statutes 1986, section 18.51, subdivision 2, is amended to read:

Subd. 2. [FEES; PENALTY.] A nursery operator shall pay an annual fee before the commissioner shall issue a certificate of inspection. This fee shall be based on the area of all of the operator's nurseries as follows:

Nurseries:

(1) $\frac{1}{2}$ acre or less ~~\$30~~ \$40 per nursery operator

(2) Over $\frac{1}{2}$ acre to and including 2 acres ~~\$50~~ \$60 per nursery operator

(3) Over 2 acres to and including 10 acres ~~\$100~~ \$125 per nursery operator

- (4) Over 10 acres to and including 50 acres ~~\$300~~ \$360 per nursery operator
 (5) Over 50 acres ~~\$600~~ \$725 per nursery operator

In addition to the above fees, a minimum penalty of \$10 or 25 percent of the fee due, whichever is greater, shall be charged for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 37. Minnesota Statutes 1986, section 18.52, subdivision 5, is amended to read:

Subd. 5. [FEES; PENALTY.] A dealer shall pay an annual fee based on the dealer's gross sales during the preceding certificate year. A dealer operating for the first year will pay the minimum fee.

Dealers:

- | | |
|--|---|
| (1) Gross sales up to \$1,000 | at a location
\$30 <u>\$40</u> per location |
| (2) Gross sales over \$1,000 and up to \$5,000 | at a location
\$40 <u>\$50</u> per location |
| (3) Gross sales over \$5,000 up to \$10,000 | at a location
\$70 <u>\$85</u> per location |
| (4) Gross sales over \$10,000 up to \$25,000 | at a location
\$100 <u>\$125</u> per location |
| (5) Gross sales over \$25,000 up to \$75,000 | at a location
\$150 <u>\$175</u> per location |
| (6) Gross sales over \$75,000 up to \$100,000 | at a location
\$220 <u>\$260</u> per location |
| (7) Gross sales over \$100,000 | at a location
\$330 <u>\$400</u> per location |

In addition to the above fees, a minimum penalty of \$10 or 25 percent of the fee due, whichever is greater, shall be charged for any application for renewal not received by January 1 of the year following expiration of a certificate.

Sec. 38. Minnesota Statutes 1986, section 18.53, is amended to read:

18.53 [GREENHOUSE CERTIFICATION.]

The commissioner may inspect and certify greenhouses and greenhouse plants as being free from plant pests upon request of the greenhouse operator and issue a greenhouse certificate. The fee is ~~\$30~~ \$50 for each greenhouse operator. The certificate expires on November 15 next following the date of issue.

Sec. 39. Minnesota Statutes 1986, section 27.041, subdivision 2, is amended to read:

Subd. 2. [LICENSES.] The license, or a certified copy of the license, must be kept posted in the office of the licensee at each place within the state where the licensee transacts business. Every license shall expire June 30 following its issuance and thereafter be renewed July 1 each year. Any license issued under this subdivision is automatically void upon the termination of the surety bond covering the licensed operation. The fee for each license shall be based on the following schedule:

Penalty for		Dollar Volume of Business
License Fee	Late Renewal	
\$ 30	\$10	\$10,000 or less per month
\$ 60	\$15	Over \$10,000 to \$50,000 per month
\$180 \$300	\$45 \$75	Over \$50,000 to \$100,000 per month
\$240 \$400	\$60 \$100	Over \$100,000 per month

A fee of ~~\$10~~ \$20 shall be charged for each certified copy of a license, ~~\$2~~ \$5 for each license identification card, and ~~\$2~~ \$5 for each license identification truck decal. The commissioner shall make appropriate license fee adjustments for up to one year from July 1, 1975 for persons required to be licensed hereunder, who hold validly issued licenses as of the effective date of Laws 1975, chapter 227 under the provisions of law amended or repealed herein. A licensee who sells, disposes of, or discontinues the licensee's business during the lifetime of a license shall at the time the action is taken, notify the commissioner in writing, and upon demand produce before the commissioner a full statement of all assets and liabilities as of the date of transfer or discontinuance of the business.

Money collected from license fees shall be deposited in the state treasury.

Sec. 40. Minnesota Statutes 1986, section 28A.08, is amended to read:

28A.08 [LICENSE FEES; PENALTIES.]

The fees for licenses and the penalties for late renewal of licenses set in this section apply to the sections named except as provided under section 28A.09. Except as specified herein, bonds and assessments based on number of units operated or volume handled or processed which are provided for in said laws shall not be affected, nor shall any penalties for late payment of said assessments, nor shall inspection fees, be affected by this chapter.

Type of food handler	License Fee	Penalty
1. Retail food handler		
(a) Having gross sales of less than \$50,000 for the immediately previous license or fiscal year	\$ 25 <u>\$40</u>	\$10

(b) Having \$50,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$ 50 <u>\$75</u>	<u>\$13</u> <u>\$25</u>
(c) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$100</u> <u>\$125</u>	<u>\$25</u> <u>\$50</u>
(d) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$200</u> <u>\$250</u>	<u>\$50</u> <u>\$75</u>
2. Wholesale food handler	<u>\$100</u>	<u>\$25</u>
(a) <u>Having gross sales of less than \$250,000 for the immediately previous license or fiscal year</u>	<u>\$100</u>	<u>\$25</u>
(b) <u>Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$150</u>	<u>\$38</u>
(c) <u>Having over \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$200</u>	<u>\$50</u>
3. Food broker	\$ 50 <u>\$75</u>	<u>\$13</u> <u>\$25</u>
4. Wholesale food processor or manufacturer		
(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year	<u>\$150</u> <u>\$200</u>	<u>\$38</u> <u>\$50</u>
(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$200</u> <u>\$275</u>	<u>\$50</u> <u>\$75</u>
(c) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$250</u> <u>\$350</u>	<u>\$63</u> <u>\$100</u>
5. Wholesale food processor of meat or poultry products under supervision of the U.S. Department of Agriculture		
(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year	\$ 75 <u>\$100</u>	<u>\$19</u> <u>\$25</u>
(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$ 90 <u>\$150</u>	<u>\$23</u> <u>\$50</u>
(c) Having over \$1,000,000 gross sales for the immediately previous license or fiscal year	<u>\$105</u> <u>\$175</u>	<u>\$27</u> <u>\$50</u>

6. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota farmstead cheese \$ 30 \$ 10

Sec. 41. Minnesota Statutes 1986, section 32.075, is amended to read:

32.075 [TERM OF LICENSE; TRANSFERABILITY; FEES AND PENALTIES.]

Every license issued by the commissioner shall be for a period ending on the thirty-first day of December next following, and shall not be transferable. The fee for each such initial license shall be ~~\$25~~ \$50 and each renewal thereof shall be ~~\$10~~ \$25 and shall be paid to the commissioner before any license or renewal thereof is issued. If a license renewal is not applied for on or before January 1 of each year, a penalty of \$10 shall be imposed. A person who does not renew a license within one year following its December 31 expiration date, except those persons who do not renew such license while engaged in active military service, shall be required to prove competency and qualification pursuant to section 32.073, before a license is issued. The commissioner may require any other person who renews a license to prove competency and qualification in the same manner. All license fees and penalties received by the commissioner shall be paid into the state treasury.

Sec. 42. Minnesota Statutes 1986, section 32.59, is amended to read:

32.59 [NONRESIDENT MANUFACTURER LICENSE.]

Any person who manufactures frozen foods, mix, ice cream mix, mix base, or ice cream mix base outside of the state, for sale within the state, shall apply for registration with the department of agriculture in the form and with the information the commissioner requires. Samples of all frozen foods, mix, ice cream mix, mix base, or ice cream mix base, so manufactured for sale and sold within this state, must be submitted to the department. Each application for registration must be accompanied by a fee of ~~\$150~~ \$200, which is the registration fee if a certificate of registration is granted. If the department of agriculture finds that the samples submitted are up to the accepted standards and otherwise comply with the laws of this state, it shall issue to the applicant a certificate of registration. The penalty for a late registration application is ~~\$38~~ \$50 if the registration is not renewed by January 1 of any year.

Sec. 43. Minnesota Statutes 1986, section 40.01, subdivision 4, is amended to read:

Subd. 4. [STATE BOARD OR STATE SOIL AND WATER CONSERVATION AND SOIL RESOURCES BOARD.] "State board" or "state soil and water conservation and soil resources board" means the agency created in section 40.03 110B.35.

Sec. 44. Minnesota Statutes 1986, section 40.03, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] In addition to the powers and duties hereinafter conferred upon the state soil and water conservation board by section 110B.35, it shall have the following powers and duties:

(1) ~~Prepare and present to the commissioner of agriculture a budget to finance the activities of the state board and the districts and to administer any law appropriating funds to districts. The board shall Receive and disburse any grants made available to the state by the United States Department of Agriculture under the preferred program developed under United States Code, title 16, sections 2001 to 2009;~~

(2) Offer any appropriate assistance to the supervisors of the districts in implementing any of their powers and programs. Any funds made available to a district for expenditures necessary for the operations of the district shall be a grant to the district to be used only for purposes authorized by the state board pursuant to law. The soil and water conservation district may designate the board of county commissioners to act as the agent of the district to receive and expend these funds at the direction and with the approval of the board of supervisors of the district. At least annually the state board shall audit, in a manner it prescribes, the expenditure of funds so granted;

(3) Keep the supervisors of each district informed of the activities and experience of all other districts and facilitate cooperation and an interchange of advice and experience among the districts;

(4) Coordinate the programs and activities of the districts with appropriate agencies by advice and consultation;

(5) Approve or disapprove the plans or programs of districts relating to the use of state funds administered by the state board;

(6) Secure the cooperation and assistance of the appropriate agencies in the work of the districts and to develop a program to advise and assist appropriate agencies in obtaining state and federal funds for erosion, sedimentation, flooding and agriculturally related pollution control programs;

(7) Develop and implement a comprehensive public information program concerning the districts' activities and programs, the problems and preventive practices of erosion, sedimentation, agriculturally related pollution, flood prevention, and the advantages of formation of districts in areas where their organization is desirable;

(8) Subdivide and consolidate districts without a hearing or a referendum so as to confine districts within county limits, provided that no district, when feasible and practicable, shall contain less than four full or fractional congressional townships;

(9) Assist in the implementation of a statewide program for inventorying and classification of the types of soils throughout the state as determined by the Minnesota cooperative soil survey;

(10) Identify research needs and cooperate with other public agencies in research concerning the nature and extent of erosion, sedimentation, flooding and agriculturally related pollution, the amounts and sources of sediment and pollutants delivered to the waters of the state, and long-term soil productivity;

(11) Develop programs to reduce or prevent soil erosion, sedimentation, flooding and agriculturally related pollution, including but not limited to structural and land-use management practices;

(12) Develop a system of priorities within the state to identify the erosion, flooding, sediment and agriculturally related pollution problem areas that are most severely in need of control systems; and

(13) Ensure compliance with statewide programs and policies established by the state board pursuant to this section and section 40.02 by advice, consultation, and approval of grant agreements with the districts.

Sec. 45. Minnesota Statutes 1986, section 40.035, subdivision 2, is amended to read:

Subd. 2. For the purpose of developing the program plan, the state board may request any existing pertinent information from any state agency pursuant to section 40.03, subdivision 2, and may conduct any hearing it deems necessary.

Sec. 46. Minnesota Statutes 1986, section 40.21, subdivision 1, is amended to read:

Subdivision 1. [RULES AND MODEL ORDINANCE AS GUIDE.]
The ~~commissioner of agriculture~~ water and soil resources board, in consultation with counties, soil and water conservation districts, and other appropriate agencies, shall adopt a model ordinance and

rules that serve as a guide for local governments to carry out the provisions of Laws 1985, chapter 256, sections 12 to 22 and sections 40.20 to 40.26, and provide administrative procedures for the state soil and water conservation board for Laws 1985, chapter 256, sections 12 to 21 and sections 40.20 to 40.26.

Sec. 47. Minnesota Statutes 1986, section 40.21, subdivision 3, is amended to read:

Subd. 3. [PERIODIC REVIEW.] At least once every five years the commissioner of agriculture state board shall review the rules and model ordinance in cooperation with counties, soil and water conservation districts, and appropriate agencies to ensure their continued applicability and relevance.

Sec. 48. Minnesota Statutes 1986, section 40.43, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF PROGRAM.] The commissioner of agriculture, in consultation with the commissioner of natural resources, shall establish and administer a conservation reserve program. The commissioner of agriculture shall contract with the water and soil resources board to implement sections 40.40 to 40.44. Selection of land for the conservation reserve program must be based on its potential for fish and wildlife production, reducing erosion, and protecting water quality.

Sec. 49. Minnesota Statutes 1986, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. [FEES OTHER THAN EXAMINATION FEES.] In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation \$25 and amendments thereto, \$10;

(2) for filing annual statements, \$15;

(3) for each annual certificate of authority, \$15;

(4) for filing bylaws \$25 and amendments thereto, \$10.

(b) by other domestic and foreign companies including fraternal and reciprocal exchanges:

(1) for filing certified copy of certificate of articles of incorporation, ~~\$50~~ \$100;

(2) for filing annual statement, ~~\$30~~ \$225;

(3) for filing certified copy of amendment to certificate or articles of incorporation, ~~\$50~~ \$100;

(4) for filing bylaws, ~~\$25~~ \$75 or amendments thereto, ~~\$10~~ \$75;

(5) for each company's certificate of authority, ~~\$40~~ \$575, annually.

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, ~~\$5~~ \$15;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and \$2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, ~~\$40~~ \$575;

(4) for receiving and forwarding each notice, proof of loss, summons, complaint or other process served upon the commissioner of commerce, as attorney for service of process upon any nonresident agent or insurance company, including reciprocal exchanges, \$15 plus the cost of effectuating service by certified mail, which amount must be paid by the party serving the notice and may be taxed as other costs in the action;

(5) for valuing the policies of life insurance companies, one cent per \$1,000 of insurance so valued. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(6) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50;

(7) for issuing an initial license to an individual agent, \$20 per license, for issuing an initial agent's license to a partnership or corporation, \$50, and for issuing an amendment (variable annuity) to a license, \$20, and for renewal of amendment, \$20;

(8) for each appointment of an agent filed with the commissioner, a domestic insurer shall remit \$5 and all other insurers shall remit \$3;

(9) for renewing an individual agent's license, \$20 per year per license, and for renewing a license issued to a corporation or partnership, \$50 per year;

(10) for issuing and renewing a surplus lines agent's license, \$150;

(11) for issuing duplicate licenses, \$5;

(12) for issuing licensing histories, \$10;

(13) for processing checks returned due to insufficient funds, \$15;

(14) for filing forms and rates, ~~\$10~~ \$50 per filing. The commissioner shall adopt rules to define filings that are subject to a fee;

(14) for annual renewal of surplus lines insurer license, \$300.

Sec. 50. Minnesota Statutes 1986, section 60A.206, subdivision 2, is amended to read:

Subd. 2. [APPLICATION FOR RECOGNITION.] An insurer not otherwise licensed to engage in the business of insurance in Minnesota may apply for recognition as an eligible surplus lines insurer by filing an application in the form and with the information as reasonably required by the commissioner regarding the insurer's financial stability, reputation, integrity and, operating plans, and by submitting a license fee of \$500. The commissioner may delegate to an association the power to process and make recommendations on applications for recognition as an eligible surplus lines insurer. Notwithstanding delegation by the commissioner, an applicant may file an application directly with the commissioner.

Sec. 51. Minnesota Statutes 1986, section 60A.23, subdivision 7, is amended to read:

Subd. 7. [LICENSES REQUIRED FOR EMPLOYERS MAKING DEDUCTIONS FROM WAGES FOR CERTAIN PURPOSES.] (1) [REQUIREMENTS.] No employer shall make deductions from the wages of employees for the purpose of furnishing them with life insurance, funeral benefits, medical or hospital care, accident, sickness or old age insurance or benefits, unless the employer first receives from the commissioner of commerce a license for the benefit plan the employer operates or proposes to operate. The license shall be granted only when the commissioner is satisfied that the benefits given are commensurate with the charges made and that the charges will keep the fund solvent. All licenses shall be for the period of one

year. The commissioner may require a statement of the operation of the fund, on a form to be prescribed by the commissioner, before granting a renewal. The fee for a license is ~~\$25~~ \$250 and for filing the annual statement ~~\$10~~ \$40. Any fees received by the commissioner pursuant to this subdivision shall be paid into the general fund. Before granting a license the commissioner of commerce shall submit the proposed plan to the chair of the workers' compensation court of appeals in order that the chair may determine whether the benefits are in conjunction with the benefits under the workers' compensation act.

(2) [EXCEPTIONS.] The requirements of clause (1) shall not apply to deductions made from the employees' wages for group insurance issued by insurers authorized to transact business in this state nor to railroad companies engaged in interstate commerce.

(3) [PENALTY.] Any person, firm, corporation, or association that makes deductions from the wages of an employee in violation of clause (1) shall be guilty of a misdemeanor.

Sec. 52. Minnesota Statutes 1986, section 70A.14, subdivision 4, is amended to read:

Subd. 4. [DURATION.] Licenses issued pursuant to this section shall remain in effect until the licensee withdraws from the state or until the license is suspended or revoked. The fee for each license shall be ~~\$100~~ \$1,000, payable every three years.

Sec. 53. Minnesota Statutes 1986, section 83.23, subdivision 2, is amended to read:

Subd. 2. [NOTIFICATION.] Unless the method of offer or sale is adopted for the purpose of evasion of sections 83.20 to 83.42, 83.43 and 83.44, subdivided lands may be registered by notification provided that all of the following requirements have been met:

(a) the subdivision consists of not more than 100 separate lots, units, parcels, or interests;

(b) at least 20 days prior to any offer pursuant to this subdivision, the subdivider must supply the commissioner, on forms which the commissioner may by rule prescribe, at least the following information:

(1) the name and address of the subdivider and the form and date of its organization if other than an individual;

(2) the location and legal description of the subdivision and the total number of lots, parcels, units, or interests;

(3) either a title opinion prepared and signed by an attorney licensed to practice law in the state wherein the subdivided land is situated; or a certificate of title insurance or its equivalent acceptable to the commissioner;

(4) a copy of each instrument which will be delivered to a purchaser to evidence the purchaser's interest in the subdivided lands and a copy of each contract or other agreement which a purchaser will be required to agree to or sign, together with the range of selling prices, rates, or rentals at which it is proposed to offer the lots, units, parcels, or interests in the subdivision, a list of fees the purchaser may be required to pay for amenities or membership in groups including, but not limited to, homeowners' associations, country clubs, golf courses, and other community organizations; and

(5) a copy of a signed and approved plat map or its equivalent;

(c) a filing fee of ~~\$100~~ \$150 has been paid;

(d) the subdivider is in compliance with the service of process provisions of section 83.39.

The commissioner may by rule or order withdraw or further condition registration by notification or increase or decrease the number of lots, units, parcels, or interests in subdivided lands permitted for registration by notification. If no stop order is in effect, no proceeding is pending, and no order has been issued under subdivision 4, a registration statement under this section automatically becomes effective at 5:00 in the afternoon on the 20th full business day after the filing of the registration statement or the last amendment, or at such earlier time as the commissioner by order determines.

The rulemaking authority in this subdivision does not include emergency rulemaking authority pursuant to chapter 14.

Subdivisions in which all the improvements are complete and paid for by the developer, and for which clear title can be given the purchaser at the closing, are exempt from providing independently certified financial statements.

Sec. 54. Minnesota Statutes 1986, section 83.23, subdivision 3, is amended to read:

Subd. 3. [QUALIFICATION.] Subdivided lands may be registered by qualification provided all of the following requirements have been met:

(a) an application for registration has been filed with the commissioner in a format which the commissioner may by rule prescribe;

(b) the commissioner has been furnished a proposed public offering statement complying with section 83.24;

(c) a filing fee of ~~\$250~~ \$400 plus an additional registration fee of \$1 for each lot, unit, parcel, or interest included in the offering accompanies the application. The maximum combined filing and registration fees shall in no event be more than ~~\$2,500~~ \$3,500;

(d) the subdivider is in compliance with service of process provisions of section 83.39;

(e) the commissioner has been furnished a financial statement of the subdivider's most recent fiscal year, audited by an independent certified public accountant; and, if the fiscal year of the subdivider is more than 90 days prior to the date of filing the application, a financial statement, which may be unaudited, as of a date within 90 days of the date of application.

Subdivisions in which all the improvements are complete and paid for by the developer, and for which clear title can be given the purchaser at the closing, are exempt from providing independently certified financial statements.

An application for registration under this section becomes effective when the commissioner so orders.

The rulemaking authority in this subdivision does not include emergency rulemaking authority pursuant to chapter 14.

Sec. 55. Minnesota Statutes 1986, section 83.30, subdivision 2, is amended to read:

Subd. 2. [FEE.] Every annual report filed pursuant to section 83.23, subdivision 2, shall be accompanied by a fee of ~~\$50~~ \$75. Every annual report filed pursuant to section 83.23, subdivision 3, shall be accompanied by a fee of ~~\$100~~ \$150.

Sec. 56. Minnesota Statutes 1986, section 105.73, is amended to read:

105.73 [DEFINITIONS.]

Unless the context clearly indicates a different meaning is intended, the following terms for the purposes of this chapter shall be given the meanings ascribed to them in this section.

Board—~~Minnesota~~ water and soil resources board.

Proceeding—Any procedure under any of the laws enumerated in section 105.74 however administrative discretion or duty thereunder may be invoked in any instance.

Agency—Any state officer, board, commission, bureau, division, or agency, other than a court, exercising duty or authority under any of the laws enumerated in section 105.74.

Court—The court means the district court or a judge thereof before whom the proceedings are pending.

Question of water policy—Where use, disposal, pollution, or conservation of water is a purpose, incident, or factor in a proceeding, the question or questions of state water law and policy involved, including either (a) determination of the governing policy of state law in the proceeding, resolving apparent inconsistencies between different statutes, (b) the proper application of that policy to facts in the proceeding when application is a matter of administrative discretion, or both (a) and (b).

Sec. 57. Minnesota Statutes 1986, section 110B.02, subdivision 2, is amended to read:

Subd. 2. [BOARD.] "Board" means the water and soil resources board.

Sec. 58. [110B.35] [WATER AND SOIL RESOURCES BOARD.]

Subdivision 1. [BOARD ESTABLISHED; MEMBERS.] The water and soil resources board is established as an agency of the state to perform the functions conferred upon it by law. The board is composed of 12 voting members knowledgeable of water and soil problems and conditions within the state. The board shall be appointed in accordance with this section. The membership of the board shall be as follows:

(1) three county commissioners;

(2) three soil and water conservation district supervisors;

(3) three watershed district or watershed management organization representatives; and

(4) three citizens who are not employed by, or the appointed or elected official of, any governmental office, board, or agency.

Subd. 2. [MEMBER DISTRIBUTION.] Members shall be distributed across the state with at least three members but not more than five members from the metropolitan area, as defined in section

473.121, subdivision 2, and one member from each of the soil and water conservation administrative regions.

Subd. 3. [EX OFFICIO NONVOTING MEMBERS.] The following agencies shall each provide one nonvoting member to the board:

- (1) department of agriculture;
- (2) department of health;
- (3) department of natural resources; and
- (4) pollution control agency.

Subd. 4. [NOMINEES.] All voting members must be appointed by the governor. The governor shall appoint a member of the board to serve as the chair, with the advice and consent of the senate. In making the appointments, the governor may consider persons recommended by the association of Minnesota counties, the Minnesota association of soil and water conservation districts, and the Minnesota association of watershed districts. The list submitted by an association shall contain at least three nominees for each applicable position to be filled.

Subd. 5. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] Except as provided in this subdivision and subdivision 1, the membership terms, compensation, removal of members and filling of vacancies on the board for the members specified in subdivision 1 shall be as provided in section 15.0575.

Subd. 6. [EMPLOYEES.] The board may employ an executive director who shall serve in the unclassified service and other permanent and temporary employees in accordance with chapter 43A. The board may prescribe the powers and duties of its officers and employees and may authorize its employees and members of the board to act on behalf of the board.

Subd. 7. [OFFICERS; QUORUM; RECORDS; AUDIT.] The board shall elect a vice-chair and any other officers that it considers necessary from its membership. A majority of the board shall constitute a quorum. The board may hold public hearings and adopt rules necessary to execute its duties provided in law.

Subd. 8. [ADMINISTRATIVE SERVICES.] The commissioner of administration shall provide and make available within the department of agriculture suitable and adequate office facilities and space for the board. The commissioner of agriculture shall provide and make available administrative services required by the board in administration of its functions.

Subd. 9. [POWERS AND DUTIES.] In addition to the powers and duties prescribed elsewhere, the board has the following powers and duties:

(1) coordinate the water and soil resources planning activities of counties, soil and water conservation districts, watershed districts, watershed management organizations, and any other local units of government through its various authorities for approval of local plans, administration of state grants, and by other means as may be appropriate;

(2) facilitate communication and coordination among state agencies in cooperation with the environmental quality board, and between state and local units of government, in order to make the expertise and resources of state agencies involved in water and soil resources management available to the local units of government to the greatest extent possible;

(3) coordinate state and local interests with respect to the study in southwestern Minnesota under United States Code, title 16, section 1009;

(4) develop information and education programs designed to increase awareness of local water and soil resources problems and awareness of opportunities for local government involvement in preventing or solving them;

(5) provide a forum for the discussion of local issues and opportunities relating to water and soil resources management;

(6) adopt an annual budget and work program that integrates the various functions and responsibilities assigned to it by law; and

(7) report to the governor and the legislature by October 15 of each even-numbered year with an assessment of board programs and recommendations for any program changes and board membership changes necessary to improve state and local efforts in water and soil resources management.

Subd. 10. [COMMITTEE FOR DISPUTE RESOLUTION.] A committee of the board is established to hear and resolve on behalf of the board disputes, appeals, and interventions under sections 105.72 to 105.79, 110B.25, 112.801, and 473.878, subdivision 7. The committee shall consist of the three citizen members of the board specified in subdivision 1, clause (4), and two additional members appointed by the board chair.

Sec. 59. Minnesota Statutes 1986, section 112.35, subdivision 4, is amended to read:

Subd. 4. "Board" means the Minnesota water and soil resources board established by section ~~105.71~~ 110B.35.

Sec. 60. Minnesota Statutes 1986, section 116C.03, subdivision 2, is amended to read:

Subd. 2. The board shall include as members the director of the state planning agency, the director of the pollution control agency, the commissioner of natural resources, the commissioner of agriculture, the commissioner of health, the commissioner of transportation, the chair of the water and soil resources board, and a representative of the governor's office designated by the governor. The governor shall appoint five members from the general public to the board, subject to the advice and consent of the senate. At least two of the five public members shall have knowledge of and be conversant in water management issues in the state.

Sec. 61. Minnesota Statutes 1986, section 144.226, subdivision 3, is amended to read:

Subd. 3. [BIRTH CERTIFICATE COPY SURCHARGE.] In addition to any fee prescribed under subdivision 1, there shall be a surcharge of ~~\$2~~ \$3 for each certified copy of a birth certificate. The local or state registrar shall forward this amount to the commissioner of finance for deposit into the account for the children's trust fund for the prevention of child abuse established under section 299A.22. This surcharge shall not be charged under those circumstances in which no fee for a certified copy of a birth certificate is permitted under subdivision 1, paragraph (a). Upon certification by the commissioner of finance that the assets in that fund exceed \$20,000,000, this surcharge shall be discontinued.

Sec. 62. Minnesota Statutes 1986, section 296.17, subdivision 9a, is amended to read:

Subd. 9a. [MINNESOTA BASED INTERSTATE CARRIERS.] Notwithstanding the exemption contained in subdivision 9, as the commissioner of public safety enters into interstate fuel tax compacts which require base state licensing and filing and which eliminate filing in the nonresident compact states, the Minnesota based motor vehicles registered pursuant to section 168.187 will be required to license under the fuel tax compact in Minnesota.

The commissioner of public safety will have all the powers granted to the commissioner of revenue under this section, including the authority to collect and issue licenses, to collect the tax due, and issue any refunds. All license fees paid to the commissioner of public safety pursuant to subdivision 10 will be deposited in the general fund. The commissioner shall charge an annual fee of \$13 for applications for quarterly reporting of fuel tax under this subdivision.

Sec. 63. Minnesota Statutes 1986, section 297B.09, subdivision 2, is amended to read:

Subd. 2. [HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.] The proceeds collected under this chapter must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before July 1, 1984, or between July 1, 1985, and June 30, 1987, may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, 1984, and before July 1, 1985, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) Except as provided in paragraph (f) (m), ~~37.5~~ 7.5 percent of the proceeds collected after June 30, 1987, and before July 1, 1989, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 12.5~~ Two and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) Except as provided in paragraph (f) (m), ~~56.25~~ 15 percent of the proceeds collected after June 30, 1989, and before July 1, ~~1991~~ 1990, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 18.75~~ Five percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) Except as provided in paragraph (f) (m), ~~75~~ 22.5 percent of the proceeds collected after June 30, ~~1991~~ 1990, and before July 1, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. ~~The remaining 25~~ Seven and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) Except as provided in paragraph (m), 30 percent of the proceeds collected after June 30, 1991, and before July 1, 1992, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in

that fund. Ten percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(g) Except as provided in paragraph (m), 37.5 percent of the proceeds collected after June 30, 1992, and before July 1, 1993, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twelve and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(h) Except as provided in paragraph (m), 45 percent of the proceeds collected after June 30, 1993, and before July 1, 1994, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Fifteen percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(i) Except as provided in paragraph (m), 52.5 percent of the proceeds collected after June 30, 1994, and before July 1, 1995, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Seventeen and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(j) Except as provided in paragraph (m), 60 percent of the proceeds collected after June 30, 1995, and before July 1, 1996, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twenty percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(k) Except as provided in paragraph (m), 67.5 percent of the proceeds collected after June 30, 1996, and before July 1, 1997, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. Twenty-two and one-half percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(l) Except as provided in paragraph (m), 75 percent of the proceeds collected after June 30, 1997, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25

percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(f) (m) The distributions under paragraphs (c); (d), and (e) to (l) to the highway user tax distribution fund shall be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance shall, prior to making the transfers required under subdivision 1 on July 15 and January 15 of each year, estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1 for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period under subdivision 1.

Sec. 64. Minnesota Statutes 1986, section 299A.23, subdivision 2, is amended to read:

Subd. 2. [ADVISORY COUNCIL.] An advisory council of 15 members is established under section 15.059. The commissioners of human services, health, education, and corrections shall each appoint one member. The subcommittee on committees of the senate and the speaker of the house of representatives shall each appoint two members of their respective bodies, one from each caucus. The governor shall appoint an additional seven members who shall demonstrate knowledge in the area of child abuse and shall represent the demographic and geographic composition of the state, and to the extent possible, represent the following groups: local government, parents, racial and ethnic minority communities, the religious community, professional providers of child abuse prevention and treatment services, and volunteers in child abuse prevention and treatment services. The council shall advise and assist the commissioner in carrying out Laws 1986, chapter 423. The council shall not expire as provided by section 15.059, subdivision 5.

Sec. 65. Minnesota Statutes 1986, section 299A.25, subdivision 3, is amended to read:

Subd. 3. [USE OF FUNDS.] Priority must be given to applicants whose matching funds must do not consist, in whole or in part, of state or federal funds. Any trust fund money received must not be used to compensate for a decrease in previously existing funding levels unless that decrease is attributable to a decision made by state, federal, or other entities not controlled by the applicant and the applicant demonstrates that it has made reasonable efforts to retain all previously existing funding.

Sec. 66. Minnesota Statutes 1986, section 299A.25, subdivision 6, is amended to read:

Subd. 6. [ADMINISTRATIVE EXPENSES.] For fiscal years 1988 and 1989, the commissioner may keep up to five percent retain up to \$200,000 of trust fund money collected in any year under sections 299A.26 and 144.226, subdivision 3, for administering and otherwise carrying out responsibilities under Laws 1986, chapter 423, except that. During fiscal year 1987 the commissioner may keep up to \$75,000 of trust fund money collected for these purposes. The approved complement of the department of public safety is increased by one unclassified and one classified position in the civil service of the state.

Sec. 67. Minnesota Statutes 1986, section 309.531, subdivision 1, is amended to read:

Subdivision 1. No person shall act as a professional fund raiser unless licensed by the department. Applications for a license shall be in writing, under oath, in the form prescribed by the department and shall be accompanied by an application fee of \$25 \$200. Each license shall be effective for a period of not more than 12 months from the date of issuance, and in any event shall expire on July 30 next following the date of issuance.

Sec. 68. Minnesota Statutes 1986, section 326.241, subdivision 3, is amended to read:

Subd. 3. [FEES AND FINANCES; DISPOSITION.] All license fees collected under the provisions of sections 326.241 to 326.248 are to be credited to the general fund. The expenses of administering sections 326.241 to 326.248 shall be paid from appropriations made to the board of electricity a special account in the state treasury. Money in the account is appropriated to the board of electricity to administer and enforce sections 326.241 to 326.248, to pay indirect costs, to compensate contract electrical inspectors for inspections performed, and to make refunds.

Sec. 69. Minnesota Statutes 1986, section 326.244, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] (a) At or before commencement of any installation required to be inspected by the board, the electrical contractor, installer, special electrician, or owner making the installation shall submit to the board a request for inspection, in a form prescribed by the board, together with the fees required for the installation.

(b) The fees required are a handling fee and an inspection fee. The handling fee shall be set by the board in an amount sufficient to pay the cost of printing and handling the form requesting an inspection. The inspection fee shall be set by the board in an amount sufficient to pay the actual costs of the inspection and the board's costs in administering the inspection. All fees shall be set pursuant to the procedure of sections 14.01 to 14.70.

(c) All handling fees shall be deposited in the general fund. All inspection fees collected pursuant to this section shall be deposited by the board in a special revenue bookkeeping account of the treasury and are appropriated to the board for the purpose of compensating contract inspectors for inspections performed, for transfer to the general fund of the portion of the fee representing inspection administration costs, and for making refunds.

(d) If the inspector finds that the installation is not in compliance with accepted standards of construction for safety to life and property as required by section 326.243, the inspector shall by written order condemn the installation or noncomplying portion thereof, or order service to the installation disconnected, and shall send a copy of the order to the board. If the installation or the noncomplying part will seriously and proximately endanger human life and property, the order of the inspector, when approved by the inspector's superior, shall require immediate condemnation or disconnection. In all other cases, the order of the inspector shall permit a reasonable opportunity for the installation to be brought into compliance with accepted standards of construction for safety to life and property prior to the effective time established for condemnation or disconnection.

(e) (d) Copies of each condemnation or disconnection order shall be served personally or by mail upon the property owner, and the electrical contractor, installer, or special electrician making the installation, and other persons as the board by rule may direct. An aggrieved party may appeal any condemnation or disconnection order by filing with the board a notice of appeal within ten days after (1) service upon the aggrieved party of the condemnation or disconnection order, if this service is required, or (2) filing of the order with the board, whichever is later. The appeal shall proceed and the order of the inspector shall have the effect the order, by its terms, and the rules of the board provides. The board shall adopt rules providing procedures for the conduct of appeals, including provisions for the

stay of enforcement of the order of the inspector pending such appeal when justified by the circumstances.

Sec. 70. Minnesota Statutes 1986, section 332.33, subdivision 3, is amended to read:

Subd. 3. Licenses granted by the commissioner of commerce under sections 332.31 to 332.45 shall expire on June 30. All renewals of licenses shall likewise expire on June 30. Each license shall plainly state the name and business address of the licensee, and shall be posted in a conspicuous place in the office where the business is transacted. The fee for each license shall be \$500 and renewal shall be \$100 \$400. A licensee who desires to carry on business in more than one place within the state shall procure a license for each place where the business is to be conducted.

Sec. 71. Minnesota Statutes 1986, section 332.33, subdivision 4, is amended to read:

Subd. 4. The commissioner may require such financial statements and references of all applicants for a license as the commissioner deems necessary; and may make or cause to be made an independent investigation concerning the applicant's reputation, integrity, competence, and net worth, at the expense of the applicant for such initial investigation, not to exceed \$100 \$500, and for that purpose may require such deposit against the cost thereof as the commissioner deems adequate. Such investigation may cover all managerial personnel employed by or associated with the applicant.

Sec. 72. Minnesota Statutes 1986, section 473.39, subdivision 1a, is amended to read:

Subd. 1a. [~~AMOUNT; I-394 FACILITIES AMOUNTS.~~] (a) The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding ~~\$8,500,000~~ \$17,000,000 for ~~expenditure~~ financial assistance to the commission, as prescribed in the implementation plan of the board and the capital program of the commission. ~~Of this~~

(b) The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount, no more than not exceeding \$1,500,000 may be spent for land acquisition and capital improvements for park and ride lots and transit transfer stations planned for the interstate highway described in section 161.123, clause (2), commonly known as I-394. These facilities may be constructed and maintained by the metropolitan transit commission. The board shall require, as a condition of financial assistance to the commission, that the commission make facilities it constructs, acquires, or improves for I-394 with funds provided under this provision available to all transit providers on a nondiscriminatory basis, as the board defines these terms.

Sec. 73. Minnesota Statutes 1986, section 473.876, is amended by adding a subdivision to read:

Subd. 1a. [BOARD.] "Board," unless the context indicates otherwise, means the water and soil resources board created in section 110B.35.

Sec. 74. Minnesota Statutes 1986, section 473.877, subdivision 2, is amended to read:

Subd. 2. [REVIEW OF WATERSHED BOUNDARIES.] Before commencing planning under section 473.878, a watershed management organization established pursuant to section 471.59 and this section shall submit a map delineating the boundaries of the watershed to the water and soil resources board for review and comment on the conformance of the boundaries with the requirements of sections 473.875 to 473.883. The board shall have 60 days to comment.

Sec. 75. Minnesota Statutes 1986, section 473.8771, subdivision 1, is amended to read:

Subdivision 1. [BOUNDARY CHANGE.] The boundaries of a watershed district wholly within the metropolitan area may be changed pursuant to this subdivision or chapter 112. The governing board of a watershed management organization may petition the water and soil resources board for an order changing the boundaries of a watershed district wholly within the metropolitan area, either by adding new territory to the district or by transferring territory that is within the district to the jurisdiction of another watershed management organization. The petition must:

(a) describe with particularity the change in boundary requested, the territory affected, and the reasons for the change;

(b) show that the change is consistent with the purposes and requirements of sections 473.875 to 473.883; and

(c) identify any property subject to subdivision 3.

The petition must be accompanied by a written statement of concurrence in the petition from the governing body of each statutory or home rule charter city and town and each watershed management organization having jurisdiction over the territory proposed to be added or transferred. Upon the filing of a sufficient petition, the water resources board shall give notice of the filing of the petition by publication once each week for two successive weeks in a legal newspaper in each county affected and by mail to the county auditor of each county affected and to the chief official of each statutory or home rule charter city and township affected. The notice must describe the action proposed by the petition and invite written comments on the petition for consideration by the board. The notice

must announce that any person who objects to the action proposed in the petition may submit a written request for hearing to the board within 20 days of the last publication of the notice of the filing of the petition and that if no timely request for hearing is received the board will make a decision on the petition pursuant to this subdivision without conducting the public hearing required under chapter 112. If no timely request for hearing is received the board shall make a decision on the petition without a hearing within 30 days after the last publication of the notice. If one or more timely requests for hearing are received the board shall hold a hearing on the petition and shall follow the procedures in chapter 112 regarding notice and conduct of hearings. After completing the procedures required by this subdivision, the board shall, by its findings and order, make the boundary change requested if the board determines that:

(a) (i) the governing body of each statutory or home rule charter city and town and each watershed management organization having jurisdiction over the territory proposed to be added or transferred concurs in the petition,

(b) (ii) the change is consistent with the purposes and requirements of sections 473.875 to 473.883, and

(c) (iii) the change can be accomplished in conformance with subdivision 3.

The board shall file a certified copy of the findings and order with the secretary of state. The order making the change must conform to subdivision 3. The order making the change may amend the order prescribing the distribution of managers of the district.

Sec. 76. Minnesota Statutes 1986, section 473.8771, subdivision 2, is amended to read:

Subd. 2. [TERMINATION.] A watershed district wholly within the metropolitan area may be terminated pursuant to this subdivision or chapter 112. Proceedings for termination under this subdivision must be initiated by a petition to the water and soil resources board filed jointly by the governing bodies of all statutory and home rule charter cities and towns having jurisdiction over territory within the watershed. Upon the filing of a sufficient petition, the board shall hold a hearing in accordance with the procedures prescribed in chapter 112, to take testimony on the determinations required to be made by the board. Following the hearing, the board shall, by its findings and order, terminate the district as requested if the board determines:

(a) that the local units of government having jurisdiction over territory within the watershed have formed a joint powers organization for the watershed pursuant to section 473.877,

(b) that upon termination of the district the members of the joint powers organization, jointly or severally, are willing and able to assume ownership of the district's assets and the responsibility for managing and maintaining the district's projects as necessary to accomplish the purposes of sections 473.875 to 473.883 and to implement the watershed plan of the joint powers organization to be developed pursuant to section 473.878, and

(c) that the termination can be accomplished in conformance with subdivision 3.

The board shall file a certified copy of the findings and order with the secretary of state. The order terminating the district must transfer the assets of the district to the joint powers organization or its members. The order must conform to subdivision 3.

Sec. 77. Minnesota Statutes 1986, section 473.878, subdivision 7, is amended to read:

Subd. 7. [REVIEW BY STATE AGENCIES.] After completion of the review under subdivision 6, the plan shall be submitted to the commissioner of natural resources and the pollution control agency for review and comment on the consistency of the plan with state laws and rules relating to water and related land resources, and to the water and soil resources board for review under section 112.46. Except as otherwise provided in this subdivision, the water and soil resources board shall review the plan as provided in section 112.46. The board shall review the plan for conformance with the requirements of chapter 112 and sections 473.875 to 473.883. The board shall not prescribe a plan, but may disapprove all or parts of a plan which it determines is not in conformance with the requirements of chapter 112 and sections 473.875 to 473.883. If the capital improvement program is the subject of a dispute between counties, the water and soil resources board shall make a final decision on the issue. The decision shall be binding on the organization and the counties involved.

Sec. 78. Minnesota Statutes 1986, section 473.878, subdivision 8, is amended to read:

Subd. 8. [ADOPTION; IMPLEMENTATION.] The organization shall adopt and implement its plan within 120 days after compliance with the provisions of subdivision 7 and approval of the plan by the water and soil resources board. A watershed district may implement its approved plan and approved capital improvement program by resolution of the majority of the board of managers and without respect to the provisions of chapter 112 requiring the managers to wait upon petitions for projects, to submit projects for review by the water and soil resources board, and to limit the cost and purposes of projects.

Sec. 79. [REPEALER.]

Minnesota Statutes 1986, sections 17.039; 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; 116C.41, subdivision 2; and 473.398, are repealed.

Sec. 80. [EFFECTIVE DATE.]

The appropriations allocated for the fiscal year ending June 30, 1987, in sections 5, subdivision 10, and 8, subdivision 2, are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; requiring studies and reports; prescribing and providing for certain funds, accounts, taxes, fares, and fees; amending Minnesota Statutes 1986, sections 12.14; 17A.04, subdivision 5; 18.51, subdivision 2; 18.52, subdivision 5; 18.53; 27.041, subdivision 2; 28A.08; 32.075; 32.59; 40.01, subdivision 4; 40.03, subdivision 4; 40.035, subdivision 2; 40.21, subdivisions 1 and 3; 40.43, subdivision 1; 60A.14, subdivision 1; 60A.206, subdivision 2; 60A.23, subdivision 7; 70A.14, subdivision 4; 83.23; subdivisions 2 and 3; 83.30, subdivision 2; 105.73; 110B.02, subdivision 2; 112.35, subdivision 4; 116C.03, subdivision 2; 144.226, subdivision 3; 296.17, subdivision 9a; 297B.09, subdivision 2; 299A.23, subdivision 2; 299A.25, subdivisions 3 and 6; 309.531, subdivision 1; 326.241, subdivision 3; 326.244, subdivision 2; 332.33, subdivisions 3 and 4; 473.39, subdivision 1a; 473.876, by adding a subdivision; 473.877, subdivision 2; 473.8771, subdivisions 1 and 2; and 473.878, subdivisions 7 and 8; proposing coding for new law in Minnesota Statutes, chapter 110B; repealing Minnesota Statutes 1986, sections 17.039; 40.03, subdivisions 1, 1a, 2, and 3; 105.71; 116C.40, subdivision 3; 116C.41, subdivision 2; and 473.398."

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. 940, A bill for an act relating to retirement; various employee pension plans; specifying that exemptions from legal process do not include marital property divisions; requiring the provision of certain pension plan information in marriage dissolution actions; providing for court appointed actuaries in marriage dissolution actions; amending Minnesota Statutes 1986, sections 69.51; 352.15, subdivision 1; 352.96, by adding a subdivision; 352B.071; 353.15; 354.10; 354A.11; 422A.24; 423.39; 423.61; 423.813; 424.27; 518.54, subdivision 5, and by adding subdivisions;

and 518.58; proposing coding for new law in Minnesota Statutes, chapters 356 and 518.

Reported the same back with the following amendments:

Page 13, after line 30, insert:

“Sec. 20. [BENEFIT CONVERSION IN CERTAIN CASES.]

Subdivision 1. [ENTITLEMENT.] A retired member of the public employees retirement association, who was born on May 4, 1921, was employed by the city of Edina from September 1, 1965, to March 16, 1984, who elected a joint and survivor annuity pursuant to Minnesota Statutes, section 353.30, subdivision 3, who had their second marriage dissolved on August 20, 1986, shall be entitled to make the election specified in subdivision 2.

Subd. 2. [ELECTION.] A retired member described in subdivision 1 may elect to convert the joint and survivor annuity from the public employees retirement association covering the spouse of the second marriage to a single life annuity. Notice of the election must be filed with the association within 90 days after the effective date of this section. The single life annuity shall be the actuarial equivalent of the joint and survivor annuity payable on the date of the election of the benefit conversion.”

Page 13, line 32, delete “and” and insert a comma and after “13” insert “, and 20”

Renumber the remaining section

Amend the title as follows:

Page 1, line 7, after the semicolon insert “authorizing conversion of a certain joint and survivor annuity;”

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. 1029, A bill for an act relating to property transfers; expanding the manner for creating custodial property under the uniform transfers to minors act; amending Minnesota Statutes 1986, section 527.29.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1115, A bill for an act relating to crime; prohibiting harassment on private property; prohibiting following and stalking with intent to harass, abuse, or threaten; removing requirement that caller not disclose identity for purposes of misdemeanor harassing telephone calls; making it a misdemeanor to intentionally harass another by delivering a letter or object; providing penalties; amending Minnesota Statutes 1986, sections 609.746; 609.79, subdivision 1; and 609.795.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 609.02, is amended by adding a subdivision to read:

Subd. 12. [HARASS.] As used in sections 609.605, subdivision 1, clause (13), 609.746, 609.79, and 609.795, "harass" means to interfere with another person by continued or repeated acts so as to persecute or oppress that person.

Sec. 2. Minnesota Statutes 1986, section 609.02, is amended by adding a subdivision to read:

Subd. 3. [THREATEN.] As used in sections 609.605, subdivision 1, clause (13), 609.746, 609.79, and 609.795, "threaten" means to express a purpose or intent to injure the person, property, or rights of another by the commission of an unlawful act.

Sec. 3. Minnesota Statutes 1986, section 609.605, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] Whoever intentionally does any of the following is guilty of a misdemeanor:

(1) smokes in a building, area, or common carrier in which "no smoking" notices have been prominently posted, or when requested not to by the operator of the common carrier; or

(2) trespasses or permits animals under the actor's control to trespass upon a railroad track; or

(3) permits domestic animals or fowls under the actor's control to go upon the lands of another within a city; or

(4) interferes unlawfully with any monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land; or

(5) trespasses upon the premises of another and, without claim of right, refuses to depart therefrom on demand of the lawful possessor thereof; or

(6) occupies or enters the dwelling of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation. As used in this clause, "dwelling" means the building or part of the building used by an individual as a place of residence on either a full-time or a part-time basis. The dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.011, subdivision 8; or

(7) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing thereon without the permission of the owner or occupant; or

(8) refuses the request of the operator of a public conveyance to either pay the required fare or leave the conveyance; or

(9) takes any animal on a public conveyance without the consent of the operator; or

(10) without the permission of the owner, tampers with or gets into or upon a motor vehicle as defined in section 609.55, subdivision 1, or rides in or upon such motor vehicle knowing it was taken and is being driven by another without the permission of the owner; or

(11) enters or is found upon the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public; or

(12) without authorization of the adjutant general enters or is present upon the Camp Ripley military reservation; or

(13) returns to the property of another with the intent to harass, abuse, or threaten another, after being told to leave the property and not to return, if the actor has no claim of right to the property and no consent of one with authority to consent.

Sec. 4. Minnesota Statutes 1986, section 609.746, is amended to read:

609.746 [INTERFERENCE WITH PRIVACY.]

Subdivision 1. [SURREPTITIOUS INTRUSION.] Any. A person who enters upon another's property and surreptitiously gazes, stares, or peeps in the window of a house or place of dwelling of another with intent to intrude upon or interfere with the privacy of a member of the household thereof is guilty of a misdemeanor.

Subd. 2. [INTRUSION ON PRIVACY.] A person who, with the intent to harass, abuse, or threaten another, repeatedly follows or pursues another, after being told not to do so by the person being followed or pursued, is guilty of a misdemeanor. This subdivision does not apply to a member of the news media who repeatedly follows another in a public place for the purpose of gathering information or photographs for a news story.

Sec. 5. Minnesota Statutes 1986, section 609.79, subdivision 1, is amended to read:

Subdivision 1. Whoever,

(1) By means of a telephone,

(a) Makes any comment, request, suggestion or proposal which is obscene, lewd, or lascivious, filthy or indecent,

(b) Repeatedly makes a telephone call calls, whether or not conversation ensues, without disclosing the caller's identity and with intent to annoy, abuse, threaten, or harass any person at the called number,

(c) Makes or causes the telephone of another repeatedly or continuously to ring, with intent to harass any person at the called number, or

(2) Having control of a telephone, knowingly permits it to be used for any purpose prohibited by this section, shall be guilty of a misdemeanor.

Sec. 6. Minnesota Statutes 1986, section 609.795, is amended to read:

609.795 [OPENING SEALED LETTER, TELEGRAM, OR PACKAGE; OPENING; HARASSMENT.]

Whoever does either any of the following is guilty of a misdemeanor:

(1) Knowing that the actor does not have the consent of either the sender or the addressee, intentionally opens any sealed letter, telegram, or package addressed to another; or

(2) Knowing that a sealed letter, telegram, or package has been opened without the consent of either the sender or addressee, intentionally publishes any of the contents thereof; or

(3) With the intent to harass, abuse, or threaten repeatedly uses the mails or delivers letters, telegrams, or packages.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective August 1, 1987, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crime; amending trespass law to prohibit harassment on private property; prohibiting following and pursuing with intent to harass, abuse, or threaten; removing requirement that caller not disclose identity for purposes of misdemeanor harassing telephone calls; prohibiting intentional harassment by delivering a letter or object; providing penalties; amending Minnesota Statutes 1986, sections 609.02, by adding subdivisions; 609.605, subdivision 1; 609.746; 609.79, subdivision 1; and 609.795."

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. 1129, A bill for an act relating to crimes; domestic assault; requiring courts to issue written orders for conditional release; requiring arrest on violation of conditions of release; providing for notice to alleged victims of conditions of release; amending Minnesota Statutes 1986, section 629.72, subdivision 2, and by adding subdivisions.

Reported the same back with the following amendments:

Page 1, after line 10, insert:

"Section 1. [611A.037] [RIGHT TO SUBMIT STATEMENT AT SENTENCING.]

Subdivision 1. [IMPACT STATEMENT.] A victim has the right to submit an impact statement, either orally and/or in writing, to the court at the time of sentencing or disposition hearing.

Statements may include the following, subject to reasonable limitations as to time and length:

(1) a summary of the harm or trauma suffered by the victim as a result of the crime;

(2) a summary of the economic loss or damage suffered by the victim as a result of the crime; and

(3) the victim's recommendation for an appropriate sentence or disposition, and the victim's objections, if any, to the proposed sentence or disposition."

Page 1, line 21, after "victim" insert "of the alleged assault"

Page 1, line 26, after "proceedings," insert "or will protect the victim of the alleged assault,"

Page 2, line 5, before the period insert "and shall provide the agency having custody of the arrested person with any available information on the location of the victim in a manner that protects the victim's safety"

Page 2, line 5, after the period insert "Either the court or its designee or the agency having custody of the arrested person shall serve upon the defendant a copy of the order."

Page 2, line 25, after "person" insert "or its designee"

Page 2, line 26, delete "orally"

Page 2, line 26, after "inform" insert "orally"

Page 2, line 28, delete "and"

Page 2, line 31, after "appearance" insert "; and

(4) the location and telephone number of the area battered women's shelter as designated by the department of corrections"

Page 2, line 34, after "person" insert "or its designee"

Page 2, line 34, after "must" insert "personally"

Page 2, line 34, after "deliver" insert "or mail"

Page 3, line 2, before "Sections" insert "Section 1 is effective August 1, 1987."

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

Renumber the remaining sections

Amend the title as follows:

Page 1, line 2, delete "domestic assault" and insert "permitting victims to submit an impact statement to the court"

Page 1, line 8, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 611A"

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1148, A bill for an act relating to liquor; items which may be sold in exclusive liquor stores; amending Minnesota Statutes 1986, section 340A.101, subdivision 10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 299A.02, subdivision 3, is amended to read:

Subd. 3. [REPORTS; RULES.] The commissioner shall have power to require periodic factual reports from all licensed importers, manufacturers, wholesalers and retailers of intoxicating liquors and to make all reasonable rules to effect the object of Laws 1985, chapter 305, articles 2 to 11. The rules shall include provisions for assuring the purity of intoxicating liquors and the true statement of its contents and proper labeling thereof with regard to all forms of sale. No rule may require the use of new containers in aging whiskey. No rule may require cordials or liqueurs to contain in excess of two and one-half percent by weight of sugar or dextrose or both. No rule may prohibit wine or other commodities from being offered at wholesale on original or assorted cases with distilled spirits or vice versa.

Sec. 2. Minnesota Statutes 1986, section 340A.101, subdivision 10, is amended to read:

Subd. 10. [EXCLUSIVE LIQUOR STORE.] "Exclusive liquor store" is an establishment used exclusively for the sale of intoxicat-

ing liquor except for the incidental sale of ice, tobacco, nonintoxicating malt liquor, beverages for mixing with intoxicating liquor, and soft drinks may also be sold, cork extraction devices, and books and videos on the use of alcoholic beverages in the preparation of food, and the establishment may offer recorded or live entertainment and make available coin-operated amusement devices. "Exclusive liquor store" also includes an on-sale or combination on-sale and off-sale intoxicating liquor establishment which sells food for on-premise consumption when authorized by the municipality issuing the license.

Sec. 3. Minnesota Statutes 1986, section 340A.410, is amended by adding a subdivision to read:

Subd. 9. [COIN-OPERATED DEVICES.] Coin-operated amusement devices may not be made available in establishments licensed solely for the off-sale of intoxicating liquor or municipal stores which sell only at off-sale. An establishment holding a combination on-sale and off-sale license or a municipal liquor store which sells at on-sale and off-sale which makes coin-operated devices available shall keep such devices to the greatest extent practicable in that area of the establishment where on-sales are made.

Sec. 4. [REPEALER.]

Minnesota Statutes 1986, sections 34.119, 34.12, 34.13, and 34.14 are repealed."

Delete the title and insert:

"A bill for an act relating to liquor; limitations on rule-making authority of commissioner; items which may be sold in exclusive liquor stores; locations where coin-operated amusement devices may be kept; amending Minnesota Statutes 1986, sections 299A.02, subdivision 3; 340A.101, subdivision 10; and 340A.410, by adding a subdivision; repealing Minnesota Statutes 1986, sections 34.119, 34.12, 34.13, and 34.14."

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. 1165, A bill for an act relating to public safety; imposing mandatory minimum penalties on habitual DWI offenders; amend-

ing Minnesota Statutes 1986, section 169.121, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 17, delete everything after the comma.

Page 1, delete lines 18 to 20

Page 1, line 21, delete "commissioner." and delete "also" and delete "either:" and insert "a minimum of 30 days imprisonment or to eight hours of community work service for each day less than 30 days that the person is ordered to serve in jail."

Page 1, delete lines 22 to 24

Page 2, line 3, delete "term of imprisonment" and insert "sentence"

Page 2, line 5, delete "for it"

Page 2, after line 12, insert:

"Sec. 2. [STUDY OF MANDATORY MINIMUM SENTENCING PROVISION.]

The state planning agency shall monitor the implementation and use of the mandatory minimum sentencing provisions contained in section 169.121, subdivision 3a, and shall report to the legislature by January 1, 1989, with its findings and recommendations, if any."

Renumber the remaining section

Page 2, line 15, after the period insert "Section 2 is effective August 1, 1987."

Amend the title as follows:

Page 1, line 3, after the semicolon insert "requiring a report;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 1194, A bill for an act relating to economic development; renaming the agricultural resource loan guaranty board; providing

powers; authorizing the board to participate in loans; appropriating money; amending Minnesota Statutes 1986, sections 41A.01; 41A.02, subdivisions 3, 4, 5, 6, 11, and 15; 41A.03, subdivisions 4 and 5; 41A.04, subdivision 1; 41A.05, subdivisions 1, 2, 3, and 5; 41A.06, subdivision 1; 297A.44, subdivision 1; 362A.041; and 362A.05; proposing coding for new law in Minnesota Statutes, chapter 41A.

Reported the same back with the recommendation that 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. 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.

Reported the same back with the following amendments:

Page 1, line 10, delete "commission on the economic status of women" and insert "supreme court"

Page 1, delete line 18

Page 1, line 19, delete everything before "The"

Page 1, line 23, delete "commission" and insert "supreme court"

Page 1, line 24, delete "and the supreme court"

Page 2, line 2, delete "commission on the economic status of women" and insert "supreme court"

Amend the title as follows:

Page 1, line 3, delete "commission on the economic status of women" and insert "supreme court"

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

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

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.

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1396, A bill for an act relating to civil actions; clarifying the statute of limitations applicable to actions regarding manufacturers or suppliers of material containing asbestos; proposing coding for new law in Minnesota Statutes, chapter 541.

Reported the same back with the following amendments:

Page 1, line 9, delete the headnote

Page 1, delete lines 10 to 19

Page 1, line 20, delete "Subd. 2."

Page 2, line 5, after the period insert "Nothing in this section shall be construed to imply that suits would otherwise be barred by an existing limitations period."

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

The report was adopted.

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 1420, A bill for an act relating to public safety; allowing bureau of criminal apprehension to permit amateur radio operators to use radio equipment capable of receiving police emergency radio

frequency; amending Minnesota Statutes 1986, section 299C.37, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 299C.37, subdivision 1, is amended to read:

Subdivision 1. No person other than peace officers within the state and, the members of the state patrol, and persons who hold an amateur radio license issued by the Federal Communications Commission, shall equip any motor vehicle with any radio equipment or combination of equipment, capable of receiving any radio signal, message, or information from any police emergency frequency, or install, use or possess the same equipment in such a motor vehicle without first obtaining permission to do so from the superintendent of the bureau upon such a form of application as prescribed by the superintendent may prescribe. An amateur radio license holder may not equip any motor vehicle with radio equipment capable of receiving a police emergency frequency nor install, use, or possess the equipment in any motor vehicle if the license holder has been convicted in this state or elsewhere of a crime of violence, as defined in section 624.712, subdivision 5, unless (1) ten years have elapsed since the person has been restored to civil rights or the sentence has expired, whichever occurs first, and (2) during that time the person has not been convicted of any other crime of violence. For purposes of this section, "crime of violence" includes crimes in other states or jurisdictions which would have been crimes of violence if they had been committed in this state. Any radio equipment capable of receiving a police emergency frequency which is installed, used, or possessed in a motor vehicle by an amateur radio license holder must be under the direct control of the license holder whenever it is used. An amateur radio license holder who operates a motor vehicle equipped with radio equipment capable of receiving a police emergency frequency shall carry the amateur radio license in the motor vehicle at all times and shall present the license to a peace officer upon request. Any person who is convicted of a violation of this subdivision shall, upon conviction for the first offense, be guilty of a misdemeanor, and for the second and subsequent offenses shall be guilty of a gross misdemeanor."

Amend the title as follows:

Page 1, line 6, delete "3" and insert "1"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1473, A bill for an act relating to natural resources; authorizing certain watershed districts in the seven-county metropolitan area to increase the administrative fund amount; amending Minnesota Statutes 1986, section 112.61, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [RICE CREEK WATERSHED DISTRICT.]

Notwithstanding Minnesota Statutes, section 112.61, subdivision 3, Rice Creek watershed district may levy an amount not to exceed \$200,000 for the administrative fund."

Delete the title and insert:

"A bill for an act relating to natural resources; authorizing Rice Creek watershed district to increase the administrative fund amount."

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

The report was adopted.

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

H. F. No. 1496, A bill for an act relating to human services; altering allocation of federal fiscal disallowances based on error rates; amending Minnesota Statutes 1986, section 256.01, subdivision 2.

Reported the same back with the following amendments:

Page 5, after line 3, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective for all sanction payments made after January 1, 1987."

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. 1595, A bill for an act relating to the judiciary; public defenders; requiring the state board of public defense to adopt standards governing district public defender offices; authorizing the state board of public defense to fix the salary of the state public defenders; requiring the state public defender to provide training for state and district public defenders; providing that compensation of district public defenders may not exceed compensation of county attorneys; allowing representation of indigents by public defender before formal appointment; providing for state funding of district public defenders by weighted caseload; appropriating money; amending Minnesota Statutes 1986, sections 611.215, subdivisions 1 and 2; 611.216, subdivisions 1, 2, and 3; 611.23; 611.24; 611.25; 611.26, subdivisions 1, 2, 3, 4, and 6; and 611.27, subdivisions 1, 2, and 3; proposing coding for new law in Minnesota Statutes, chapter 611; repealing Minnesota Statutes 1986, sections 611.22; and 611.26, subdivisions 5 and 8.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [611.214] [APPLICABILITY]

Sections 611.26 and 611.27 do not apply to Hennepin county or to Ramsey county.

Sec. 2. Minnesota Statutes 1986, section 611.215, subdivision 1, is amended to read:

Subdivision 1. [CREATION; MEMBERSHIP.] There is created a ~~The state board of public defense as is a part of, but is not subject to the administrative control of, the judicial branch of government. The state board of public defense shall consist of seven members appointed by the supreme court including:~~

(a) (1) a district, ~~county or county municipal court trial judge;~~

(b) (2) four attorneys admitted to the practice of law, well acquainted with the defense of persons accused of crime, but not ~~publicly employed as a prosecutor or defense counsel~~ prosecutors; and

(c) (3) two public members.

All members shall demonstrate an interest in maintaining a high quality, independent defense system for those who are unable to obtain adequate representation. ~~In making the four appointments of attorneys at law, the supreme court shall first consider a list of at least three nominees for each position submitted to the supreme court by the state bar association.~~ The terms, compensation and removal of members shall be as provided in section 15.0575. The chair shall be elected by the members from among the membership for a term of two years.

Sec. 3. Minnesota Statutes 1986, section 611.215, subdivision 2, is amended to read:

Subd. 2. [DUTIES AND RESPONSIBILITIES.] (a) The state board of public defense shall have those duties and responsibilities imposed upon it by this chapter appoints the state public defender, who serves for a term of four years. The board must prepare an annual report to the governor, the legislature, and the supreme court on the operation of the state public defender's office, district defender systems, and appointed counsel systems. The board must approve and recommend to the legislature a budget for the office of state public defender. The board must establish procedures for the district defenders and for public defense corporations to apply for state funding under this chapter.

(b) The board must establish standards for the offices of district public defenders and for the conduct of all appointed counsel systems. The standards must include, but are not limited to:

(1) standards needed to maintain and operate an office of public defender including requirements regarding the qualifications, training, and size of the legal and supporting staff for a public defender or appointed counsel system;

(2) standards for public defender caseloads;

(3) standards and procedures for the eligibility for appointment, assessment, and collection of the costs for legal representation provided by public defenders or appointed counsel;

(4) standards for contracts between a board of county commissioners and a county public defender system for the legal representation of indigent persons;

(5) standards prescribing minimum qualifications of counsel appointed under the board's authority or by the courts; and

(6) standards to require the reporting of statistical data by district public defenders and appointed counsel systems throughout the state.

Sec. 4. Minnesota Statutes 1986, section 611.216, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] The board of public defense shall establish procedures for public defense corporations based in this state to apply for funding by the legislature. The applications must be submitted to the board. The board must review and prioritize them and include a recommended funding level for each corporation in the budget request the board submits to the legislature. Money appropriated to provide criminal and juvenile defense to indigent individuals must be distributed by the board of public defense to the nonprofit criminal and juvenile defense corporations included in the board's budget request or otherwise designated by law. Money may not be disbursed to a corporation in the Leech Lake reservation area or the White Earth reservation area without prior approval by the respective reservation ~~business committee~~ tribal council. ~~Within its geographic area of responsibility each A corporation shall~~ may accept cases involving felony, gross misdemeanor, and misdemeanor charges, and juvenile cases if financial eligibility standards are met, unless there is a legal or ethical reason for rejecting a case. A corporation may accept cases arising outside its geographic area of responsibility, as appropriate. Each corporation, in order to ensure broad support, shall provide matching money received from nonstate sources, which may include money or in-kind contribution from federal agencies, local governments, private agencies, and community groups, equal to ten percent of its state appropriation. The board of public defense shall give notice 30 days in advance and conduct a hearing if it has reasonable grounds to believe money appropriated for this purpose is being improperly used, or if it has reasonable cause to believe criminal and juvenile defense of proper quality is not being supplied. Payment must cease from the date of notice until either the board of public defense determines that the money appropriated will be properly handled, or the board of public defense determines that criminal and juvenile defense of proper quality will be provided. A participating corporation may give notice at any time of its withdrawal from this program of financial assistance.

Sec. 5. Minnesota Statutes 1986, section 611.216, subdivision 2, is amended to read:

Subd. 2. [DISCRIMINATION; PENALTY.] An employee, administrator, ~~or~~ officer, contractor, or agent of a recipient of the money provided by this section who discriminates on the basis of sex, race, color, national origin, religion, or creed is guilty of a gross misdemeanor.

Sec. 6. Minnesota Statutes 1986, section 611.216, subdivision 3, is amended to read:

Subd. 3. [REPORT.] Each corporation shall submit to the board of public defense twice each year a report on a form supplied by the

council reports showing, at a minimum, the number of clients served, the number of charges brought, the number of cases of each kind, such as felonies, gross misdemeanors, misdemeanors, and juvenile delinquencies, the number of dispositions of each kind, such as jury trials, court trials, plea bargains guilty pleas, and dismissals, and the number of court appearances, and financial data. This information must be summarized for each corporation in the budget documents submitted to the legislature.

Sec. 7. Minnesota Statutes 1986, section 611.23, is amended to read:

611.23 [OFFICE OF STATE PUBLIC DEFENDER; APPOINTMENT; SALARY.]

The office of state public defender is under the supervision of the state board of public defense. The state public defender shall be appointed by the state board of public defense for a term of four years, except as otherwise provided herein in this section, and until a successor is appointed and qualified. The state public defender shall be a qualified attorney, licensed to practice law in this state, serve in the unclassified service of the state, and be removed only for cause by the appointing authority. Vacancies in the office shall be filled by the appointing authority for the unexpired term. The salary of the state public defender shall be fixed by law. Terms of the state public defender shall commence on January 1. The state public defender shall devote full time to the performance of duties and shall not engage in the general practice of law.

Sec. 8. Minnesota Statutes 1986, section 611.24, is amended to read:

611.24 [ORGANIZATION OF OFFICE; ASSISTANTS.]

The state public defender, subject to the supervision of the state board of public defense, may employ or retain assistant state public defenders and other personnel as may be necessary to discharge the function of the office. The commissioner of administration shall provide the office with suitable quarters outside the capitol building. An assistant public defender shall be a qualified attorney, licensed to practice law in this state, serve in the unclassified service of the state if employed, and serve at the pleasure of the appointing authority at a salary or retainer fee not to exceed reasonable compensation for comparable services performed for other governmental agencies or departments. Retained or part-time employed assistant state public defenders may engage in the general practice of law.

Sec. 9. Minnesota Statutes 1986, section 611.25, is amended to read:

611.25 [POWERS; DUTIES; LIMITATIONS.]

Subdivision 1. [REPRESENTATION.] The state public defender shall represent, without charge, a defendant or other person appealing from a conviction or pursuing a post conviction proceeding after the time for appeal has expired when the state public defender is directed to do so by a judge of the district court, of the court of appeals or of the supreme court. The state public defender shall represent any other person, who is financially unable to obtain counsel, when directed to do so by the supreme court or the court of appeals, except that the state public defender shall not represent a person in any action or proceeding in which a party is seeking a monetary judgment, recovery or award. When requested by a district public defender or appointed counsel, the state public defender may assist a the district public defender, appointed counsel, or an organization designated in section 611.216 in the performance of duties when the district public defender requests, including trial representation in matters involving legal conflicts of interest or other special circumstances, and assistance with legal research and brief preparation. ~~Whenever~~ When the state public defender is directed by a court to represent ~~any~~ a defendant or other person, ~~with the approval of the court~~ the state public defender may, with the court's approval, assign the representation to any district public defender.

Subd. 2. [GENERAL DUTIES.] The state public defender may provide management advice to district public defenders and appointed counsel, consistent with the standards established by the state board of public defense. The state public defender ~~also~~ shall supervise design and conduct programs for the training of all state and district public defenders, and may establish a training course for such purpose.

Sec. 10. Minnesota Statutes 1986, section 611.26, subdivision 1, is amended to read:

Subdivision 1. A majority of the judges of any judicial district not subject to the provisions of section 611.12, except the second district, may, by written order filed with the state board of public defense, establish in the district the public defender system provided in Laws 1965, chapter 869. The order shall be effective 30 days after its filing. Notwithstanding this subdivision the state public defender may assist the public defenders of the second and fourth judicial districts at their request. Each judicial district must have a district public defender. Public defenders and appointed counsel may request the assistance of the state public defender as provided in section 611.25, subdivision 1.

Sec. 11. Minnesota Statutes 1986, section 611.26, subdivision 2, is amended to read:

Subd. 2. ~~Upon the filing of an order pursuant to subdivision 1~~ The state board of public defense shall appoint a district public defender after receiving recommendations from the public, members of the legal profession, the judges of the district, and the county commissioners of the counties within the district. Each district public defender shall be a qualified attorney, licensed to practice law in this state. The district public defender shall be appointed for a term of four years, beginning January 1. The district public defender may be removed for cause upon the order of the state board of public defense. Vacancies in the office shall be filled by the appointing authority for the unexpired term.

Sec. 12. Minnesota Statutes 1986, section 611.26, subdivision 3, is amended to read:

Subd. 3. The compensation of the district public defender ~~for each judicial district shall be~~ is set by the board of public defense at a specified sum per month or an hourly or per diem basis. The compensation of each assistant district public defender is set by the district public defender with the approval of the board of public defense. The compensation for district public defenders may not exceed the prevailing compensation for county attorneys within the district, and the compensation for assistant district public defenders may not exceed the prevailing compensation for assistant county attorneys within the district. To assist the board of public defense in determining prevailing compensation under this subdivision, counties must include in their review and comment on proposed district public defender budgets information on the compensation of county attorneys, including salaries and benefits, rent, secretarial staff, and other reasonable budget data. For purposes of this subdivision, compensation means salaries, cash payments, and employee benefits including paid time off and group insurance benefits, and other direct and indirect items of compensation including the value of office space provided by the employer.

Sec. 13. Minnesota Statutes 1986, section 611.26, subdivision 4, is amended to read:

Subd. 4. A district public defender may appoint assistants, ~~after receiving recommendations from the judges of the district, each of whom shall be a~~ who are qualified attorney, attorneys licensed to practice law in this state, and other staff as the district public defender finds prudent and necessary subject to the approval of the standards adopted by the state board of public defense and the provisions of this section. Assistant district public defenders must be appointed to ensure broad geographic representation and caseload distribution by assistant district public defenders within the district. Each assistant district public defender shall serve ~~serves~~ at the pleasure of the district public defender.

Sec. 14. Minnesota Statutes 1986, section 611.26, subdivision 6, is amended to read:

Subd. 6. The district public defender shall represent, without charge, a defendant ~~or other person charged with a felony or a gross misdemeanor~~ when so directed by the district court.

Sec. 15. [611.262] [REPRESENTATION BEFORE APPOINTMENT.]

A district public defender or appointed assistant may, on request of a peace officer, a defendant, suspect, or other person, represent or consult with a person before formal appointment if in counsel's judgment there is reason to believe the person is indigent.

Sec. 16. Minnesota Statutes 1986, section 611.27, subdivision 1, is amended to read:

Subdivision 1. (a) The total compensation and expenses, including office equipment and supplies, of the district public defender are to be paid by the county or counties comprising the judicial district and in conformity with the following: by state funding as provided in this section.

(b) A district public defender shall annually submit to the state board of public defense a comprehensive budget for the office of the district public defender. The budget must include all compensation, expenses, office equipment, and supplies and a budget narrative required by the board. The district public defender shall, at times and in the form required by the board, submit reports to the board concerning its operations, including the number of cases handled and funds expended for these services.

(1) Within ten days after a district public defender or an assistant district public defender is appointed and on or before July 1 of each year thereafter, the appointing authority district public defender shall certify to the district judges of the respective judicial districts state board of public defense the compensation which that has been set for each such district public defender and each such recommended for the assistant.

(c) The state board of public defense shall transmit the proposed budget of each district public defender to the respective district administrators and county budget officers for comment before the board's final approval of the budget. (2) Immediately thereafter, the judges of such district The board shall determine and certify to the respective county boards a final comprehensive budget for the office of the district public defender including all salaries, expenses, and that includes compensation, office equipment and supplies, and all other expenses. Suitable office space shall be provided where available in publicly owned buildings in a location within the district selected by such judges. If no such space is available, the judges shall include in the budget a reasonable allowance for office rental which shall be in addition to the district public defender's compensation.

Except in the second and fourth judicial districts, the district judges of the judicial district The board shall apportion the compensation expenses of such the district public defenders in their respective judicial districts among the several counties and each county shall be required by such order to pay the specific amounts thereof its share in monthly installments. The specified amount of the compensation which each county shall pay shall be such county share is the proportion of the whole compensation as total expenses that the population in such the county bears to the total population in the district as set forth in determined by the last federal census. If the district public defender or an assistant district public defender is temporarily transferred to some a county not situated in that public defender's judicial district, said county shall pay the proportionate part of that public defender's compensation expenses for the services performed in said county.

(3) (d) Reimbursement for actual and necessary travel expenses in the conduct of the office of the district public defender shall be charged to either (1) the general expenses of the office, (2) the general expenses of the district for which the expenses were incurred if outside the district, or (3) the office of the state public defender if the services were rendered for that office.

(e) Funds appropriated to the state board of public defense must be distributed by the state board of public defense to district public defenders and to the public defenders in Hennepin and Ramsey counties, with priority given to those districts having the greatest number of distressed counties designated pursuant to section 297A.257.

Sec. 17. Minnesota Statutes 1986, section 611.27, subdivision 2, is amended to read:

Subd. 2. The judges of the judicial district by order state board of public defense, after consultation with the county boards, shall: (1) designate the county officials of one or more counties within the district to handle the funds for the office of district public defender and provide that charges pay the expenses of the district public defender. The county share assessed under subdivision 1 against each county of the district shall must be paid to the county treasurer of such the designated county who shall be responsible for the payment of the expenses of the office of district public defender. The order board may provide for reimbursement of reimburse the designated counties so designated for extra services costs incurred. (2) The board must provide for a revolving fund in the custody of the officials of the designated county designated in subdivision 2(1) into which revolving fund each county shall must pay an initial deposit and its respective share of the expenses of the office of district public defender and from which the expenses of said office shall be paid in the manner provided in Laws 1965, chapter 869.

Sec. 18. [APPROPRIATION.]

The sum of \$..... is appropriated from the general fund to the state board of public defense to be available until June 30, 1989, for distribution to district public defenders and to the public defenders in Hennepin and Ramsey counties, with priority given to those districts having the greatest number of distressed counties designated pursuant to section 297A.257.

Sec. 19. [REPEALER.]

Minnesota Statutes 1986, sections 611.22 and 611.26, subdivisions 5 and 8, are repealed."

Delete the title and insert:

"A bill for an act relating to the judiciary; public defenders; requiring the state board of public defense to adopt standards governing district public defender offices; authorizing the state board of public defense to fix the salary of the state public defenders; requiring the state public defender to provide training for state and district public defenders; providing that compensation of district public defenders may not exceed compensation of county attorneys; allowing representation of indigents by public defender before formal appointment; providing for state funding of district public defenders; appropriating money; amending Minnesota Statutes 1986, sections 611.215, subdivisions 1 and 2; 611.216, subdivisions 1, 2, and 3; 611.23; 611.24; 611.25; 611.26, subdivisions 1, 2, 3, 4, and 6; and 611.27, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 611; repealing Minnesota Statutes 1986, sections 611.22; and 611.26, subdivisions 5 and 8."

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. 1619, A bill for an act relating to crimes; defining the crime of using police radios while committing a criminal act; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 609.035, is amended to read:

609.035 [CRIME PUNISHABLE UNDER DIFFERENT PROVISIONS.]

Except as provided in sections 609.251, 609.585, 609.21, subdivisions 3 and 4, and 609.2691, and section 2, if a person's conduct constitutes more than one offense under the laws of this state, the person may be punished for only one of the offenses and a conviction or acquittal of any one of them is a bar to prosecution for any other of them. All the offenses, if prosecuted, shall be included in one prosecution which shall be stated in separate counts.

Sec. 2. [609.856] [USE OF POLICE RADIOS DURING COMMISSION OF CRIME; PENALTIES.]

Subdivision 1. [ACTS CONSTITUTING.] Whoever has in possession or uses a radio or device capable of receiving or transmitting a police radio signal, message, or transmission of information used for law enforcement purposes, while in the commission of a felony or violation of section 609.487 or the attempt to commit a felony or violation of section 609.487, is guilty of a felony and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both. A prosecution for or conviction of the crime of use or possession of a police radio is not a bar to conviction for any other crime committed while possessing or using the police radio.

Subd. 2. [FORFEITURE.] A radio or device defined in subdivision 1 that is used in the commission of a felony or violation of section 609.487 or attempt to commit a felony or violation of section 609.487 is contraband property and subject to the forfeiture provisions of section 609.531.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1987, and apply to all crimes committed on or after that date."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "amending Minnesota Statutes 1986, section 609.035,"

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. 1622, A bill for an act relating to courts; providing court of appeals representation on the sentencing guidelines commission; clarifying the membership on judicial appeal panels; permitting retired judges to solemnize marriages; clarifying judicial representation on the judicial standards board; authorizing the supreme court to adopt court rules; restricting mileage reimbursement for law clerks; amending Minnesota Statutes 1986, sections 244.09, subdivision 2; 253B.19, subdivision 1; 480.051; 484.545, subdivision 3; 484.62; 490.15, subdivision 1; 517.04; and 525.06.

Reported the same back with the following amendments:

Page 2, line 7, before the period insert "one of whom shall be a victim of a crime defined as a felony"

Page 2, after line 9, insert:

"Sec. 2. Minnesota Statutes 1986, section 244.09, subdivision 3, is amended to read:

Subd. 3. Each appointed member shall be appointed for four years and shall continue to serve during that time as long as the member occupies the position which made the member eligible for the appointment. Each member shall continue in office until a successor is duly appointed. Members shall be eligible for reappointment, and appointment may be made to fill an unexpired term. The term of any member appointed or reappointed by the governor before the first Monday in January 1991 expires on that date. The term of any member appointed or reappointed by the governor after the first Monday in January 1991 is coterminous with the governor. The members of the commission shall elect any additional officers necessary for the efficient discharge of their duties.

Sec. 3. Minnesota Statutes 1986, section 244.09, subdivision 11, is amended to read:

Subd. 11. [MODIFICATION.] The commission shall meet as necessary for the purpose of modifying and improving the guidelines. Any modification which amends the sentencing guidelines grid, including severity levels and criminal history scores, or which would result in the reduction of any sentence or in the early release of any inmate, with the exception of a modification mandated or authorized by the legislature or relating to a crime created or amended by the legislature in the preceding session, shall be submitted to the legislature by January 1 of any year in which the commission wishes to make the change and shall be effective on August 1 of that year, unless the legislature by law provides otherwise. All other modifications shall take effect according to the procedural rules of the commission. On or before ~~November~~ January

1 of each year, the commission shall submit a written report to the judiciary committees of the senate and the house of representatives that identifies and explains all modifications made during the preceding 12 months and all proposed modifications that will be are being submitted to the legislature on January 1 that year."

Page 3, after line 6, insert:

"Sec. 6. Minnesota Statutes 1986, section 481.02, subdivision 3, is amended to read:

Subd. 3. [PERMITTED ACTIONS.] The provisions of this section shall not prohibit:

(1) any person from drawing, without charge, any document to which the person, an employer of the person, a firm of which the person is a member, or a corporation whose officer or employee the person is, is a party, except another's will or testamentary disposition or instrument of trust serving purposes similar to those of a will;

(2) a person from drawing a will for another in an emergency if the imminence of death leaves insufficient time to have it drawn and its execution supervised by a licensed attorney at law;

(3) any one, acting as broker for the parties or agent of one of the parties to a sale or trade or lease of property or to a loan, from drawing or assisting in drawing, with or without charge, papers incident to the sale, trade, lease, or loan;

(4) any insurance company from causing to be defended, or from offering to cause to be defended through lawyers of its selection, the insureds in policies issued or to be issued by it, in accordance with the terms of the policies;

(5) a licensed attorney at law from acting for several common-carrier corporations or any of its subsidiaries pursuant to arrangement between the corporations;

(6) any bona fide labor organization from giving legal advice to its members in matters arising out of their employment;

(7) any person from conferring or cooperating with a licensed attorney at law of another in preparing any legal document, if the attorney is not, directly or indirectly, in the employ of the person or of any person, firm, or corporation represented by the person;

(8) any licensed attorney at law of Minnesota, who is an officer or employee of a corporation, from drawing, for or without compensation, any document to which the corporation is a party or in which it

is interested personally or in a representative capacity, except wills or testamentary dispositions or instruments of trust serving purposes similar to those of a will, but any charge made for the legal work connected with preparing and drawing the document shall not exceed the amount paid to and received and retained by the attorney, and the attorney shall not, directly or indirectly, rebate the fee to or divide the fee with the corporation;

(9) any person or corporation from drawing, for or without a fee, farm or house leases, notes, mortgages, chattel mortgages, bills of sale, deeds, assignments, satisfactions or any other conveyances except testamentary dispositions and instruments of trust;

(10) a licensed attorney at law of Minnesota from rendering to a corporation legal services to itself at the expense of one or more of its bona fide principal stockholders by whom the attorney is employed and by whom no compensation is, directly or indirectly, received for the services;

(11) any person or corporation engaged in the business of making collections from engaging or turning over to an attorney at law for the purpose of instituting and conducting suit or making proof of claim of a creditor in any case in which the attorney at law receives the entire compensation for the work;

(12) any regularly established farm journal or newspaper, devoted to general news, from publishing a department of legal questions and answers to them, made by a licensed attorney at law, if no answer is accompanied or at any time preceded or followed by any charge for it, any disclosure of any name of the maker of any answer, any recommendation of or reference to any one to furnish legal advice or services, or by any legal advice or service for the periodical or any one connected with it or suggested by it, directly or indirectly;

(13) any authorized management agent of an owner of rental property used for residential purposes, whether the management agent is a natural person, corporation, partnership, limited partnership, or any other business entity, from commencing, maintaining, conducting, or defending in its own behalf any action in any court in this state to recover or retain possession of the property, except that the provision of this clause does not authorize a person who is not a licensed attorney at law to conduct a jury trial or to appear before a district court or the court of appeals or supreme court pursuant to an appeal; and

(14) any person from commencing, maintaining, conducting, or defending on behalf of the plaintiff or defendant any action in any ~~county or municipal~~ court of this state pursuant to the provisions of section 566.175 or sections 566.18 to 566.33 or from commencing, maintaining, conducting, or defending on behalf of the plaintiff or defendant any action in any ~~county or county municipal~~ court of this

state for the recovery of rental property used for residential purposes pursuant to the provisions of sections 566.02 or 566.03, subdivision 1, except that the provision of this clause does not authorize a person who is not a licensed attorney at law to conduct a jury trial or to appear before a district court or the court of appeals or supreme court pursuant to an appeal, and provided that, except for a nonprofit corporation, a person who is not a licensed attorney at law shall not charge or collect a separate fee for services rendered pursuant to this clause."

Page 4, line 30, delete "; RULES"

Renumber the remaining sections

Amend the title as follows:

Page 1, line 2, after "appeals" insert "and crime victim"

Page 1, line 4, after the semicolon insert "providing that terms of commission members appointed by the governor are coterminous with the governor; changing the date on which the commission's report to the legislature is due;"

Page 1, line 10, delete "subdivision" and insert "subdivisions" and after "2" insert ", 3, and 11"

Page 1, line 11, before "484.545," insert "481.02, subdivision 3;"

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 236, 243, 402, 533, 727, 756, 837, 940, 1029, 1115, 1129, 1148, 1165, 1279, 1420, 1496, 1619 and 1622 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 593 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Simoneau introduced:

H. F. No. 1638, A bill for an act relating to motor vehicles; providing for lifetime license plates; reducing fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1 and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

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

Heap introduced:

H. F. No. 1639, A bill for an act relating to commerce; modifying the maximum finance charge on certain open end credit sales; authorizing additional charges; amending Minnesota Statutes 1986, section 334.16, subdivision 1, and by adding a subdivision.

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

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. 510, A bill for an act relating to Dakota county; providing for the creation, organization, powers, and duties of a personnel system; proposing coding for new law as Minnesota Statutes, chapter 383D.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Jensen moved that the House concur in the Senate amendments to H. F. No. 510 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 510, A bill for an act relating to Dakota county; providing for the creation, organization, powers, and duties of a personnel system; authorizing the county to provide certain services to the Dakota county historical society; proposing coding for new law as Minnesota Statutes, chapter 383D.

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

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

Those who voted in the affirmative were:

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

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

CONSENT CALENDAR

H. F. No. 1365, A bill for an act relating to liquor; authorizing the city of Little Canada to issue two additional on-sale licenses.

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 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

McDonald

The bill was passed and its title agreed to.

H. F. No. 1629, A bill for an act relating to the county of Anoka; exempting an allocation of issuance authority for a solid waste project from the notice of issue filing deadline.

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.	Burger	Dorn	Hugoson	Kalis
Battaglia	Carlson, D.	Forsythe	Jacobs	Kelly
Bauerly	Carlson, L.	Frederick	Jaros	Kelso
Beard	Carruthers	Greenfield	Jefferson	Kinkel
Begich	Clark	Gruenes	Jennings	Kludt
Bennett	Clausnitzer	Gutknecht	Jensen	Knickerbocker
Bertram	Cooper	Hartle	Johnson, A.	Knuth
Bishop	DeBlieck	Haukoos	Johnson, R.	Kostohryz
Blatz	Dempsey	Heap	Johnson, V.	Krueger
Brown	Dille	Himle	Kahn	Larsen

Lasley	Nelson, D.	Poppenhagen	Schoenfeld	Tunheim
Lieder	Nelson, K.	Price	Schreiber	Uphus
Long	Neuenschwander	Quinn	Seaberg	Valento
Marsh	O'Connor	Quist	Segal	Vanasek
McDonald	Ogren	Redalen	Shaver	Vellenga
McEachern	Olsen, S.	Reding	Simoneau	Voss
McKasy	Olson, E.	Rest	Skoglund	Wagenius
McLaughlin	Olson, K.	Rice	Solberg	Waltman
McPherson	Omann	Richter	Sparby	Welle
Milbert	Orenstein	Riveness	Stanis	Wenzel
Miller	Osthoff	Rodosovich	Steenasma	Winter
Minne	Otis	Rose	Swenson	Wynia
Morrison	Ozment	Rukavina	Thiede	Spk. Norton
Munger	Pappas	Sarna	Tjornhom	
Murphy	Pelowski	Schafer	Tompkins	
Nelson, C.	Peterson	Scheid	Trimble	

The bill was passed and its title agreed to.

S. F. No. 916, A bill for an act relating to workers' compensation; providing a permanent partial disability rating for certain losses; proposing coding for new law in Minnesota Statutes, chapter 176.

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

The bill was passed and its title agreed to.

SPECIAL ORDERS

S. F. No. 282 was reported to the House.

Kelly moved to amend S. F. No. 282, the unofficial engrossment, as follows:

Page 5, after line 6, insert:

"Sec. 5. Minnesota Statutes 1986, section 398A.04, subdivision 8, is amended to read:

Subd. 8. [TAXATION.] Before deciding to exercise the power to tax, the authority shall give six weeks published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:

"Shall the regional rail authority have the power to impose a property tax?

Yes
No"

If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may thereafter levy a tax at any annual rate not exceeding ~~four~~ two mills on the assessed valuation of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners' resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the assessed valuation of taxable property in that municipality bears to the assessed value of taxable property in all municipalities named in the organization resolution. Collections of the tax shall be remitted by each county treasurer to the treasurer of the authority."

Amend the title as follows:

Page 1, line 4, after the semicolon insert "changing maximum tax levy authorized for regional railroad authorities;"

Page 1, line 4, delete "section" and insert "sections 398A.04, subdivision 8; and"

A roll call was requested and properly seconded.

Long moved to amend the Kelly amendment to S. F. No. 282, the unofficial engrossment, as follows:

Page 2, after line 12, insert:

"Section 1. Minnesota Statutes 1986, section 398A.04, is amended by adding a subdivision to read:

Subd. 12. [PASSENGER SERVICE; LIMITATION.] A rail authority may not exercise the powers authorized in this chapter for the purpose of providing service for passenger traffic except as provided in this subdivision. An authority may acquire abandoned rail right-of-way and sell or lease the right-of-way for the purpose of providing passenger service. An authority may spend the revenues from up to two mills of the tax authorized to be levied under subdivision 8 for the purpose of purchasing abandoned rail right-of-way. Revenues from up to one-eighth mill of this tax may be used for purposes of feasibility, planning, and design studies for passenger service. An authority may provide passenger service on tourist excursion trains."

Page 2, delete lines 14 to 18

Renumber the remaining sections

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 53 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Bennett	Haukoos	McKasy	Quist	Swenson
Blatz	Heap	McPherson	Reding	Thiede
Boo	Himle	Miller	Richter	Tjornhom
Burger	Hugoson	Minne	Riveness	Tompkins
Clausnitzer	Knickerbocker	Morrison	Rose	Uphus
Dempsey	Knuth	Murphy	Schafer	Valento
Dille	Kostohryz	Omman	Schreiber	Voss
Forsythe	Krueger	Onnen	Seaberg	Waltman
Frederick	Long	Orenstein	Shaver	Welle
Gruenes	Marsh	Pauly	Stanisus	
Gutknecht	McDonald	Poppenhagen	Sviggum	

Those who voted in the negative were:

Battaglia	Jacobs	Lasley	Otis	Segal
Bauerly	Jaros	Lieder	Ozment	Simoneau
Beard	Jefferson	McEachern	Pappas	Skoglund
Begich	Jennings	McLaughlin	Pelowski	Solberg
Bertram	Jensen	Milbert	Peterson	Steensma
Brown	Johnson, A.	Nelson, C.	Price	Trimble
Carlson, L.	Johnson, R.	Nelson, D.	Quinn	Tunheim
Carruthers	Johnson, V.	Nelson, K.	Redalen	Vanasek
Clark	Kahn	Neuenschwander	Rest	Vellenga
Cooper	Kalis	O'Connor	Rice	Wagenius
Dauner	Kelly	Ogren	Rodosovich	Wenzel
DeBlieck	Kelso	Olsen, S.	Rukavina	Winter
Dorn	Kinkel	Olson, E.	Sarna	Wynia
Greenfield	Kludt	Olson, K.	Scheid	Spk. Norton
Hartle	Larsen	Osthoff	Schoenfeld	

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

Burger moved to amend the Kelly amendment to S. F. No. 282, the unofficial engrossment, as follows:

Page 1, line 35, strike "the municipality or"

Page 1, line 36, strike "municipalities named in its organization resolution" and insert "two miles of a potential light rail transit line"

A roll call was requested and properly seconded.

The Speaker called Simoneau to the Chair.

The question was taken on the amendment to the amendment and the roll was called. There were 39 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Bennett	Frerichs	Marsh	Quist	Swenson
Blatz	Gutknecht	McDonald	Redalen	Thiede
Boo	Haukoos	McKasy	Richter	Tjornhom
Burger	Heap	McPherson	Rose	Tompkins
Clausnitzer	Himle	Miller	Schafer	Uphus
Dempsey	Hugoson	Morrison	Schreiber	Valento
Forsythe	Knickerbocker	Pauly	Shaver	Waltman
Frederick	Kostohryz	Poppenhagen	Svigum	

Those who voted in the negative were:

Battaglia	Brown	Cooper	Gruenes	Jennings
Bauerly	Carlson, D.	Dauner	Hartle	Jensen
Beard	Carlson, L.	DeBlieck	Jacobs	Johnson, A.
Begich	Carruthers	Dorn	Jaros	Johnson, R.
Bertram	Clark	Greenfield	Jefferson	Johnson, V.

Kahn	Milbert	Omann	Rice	Steensma
Kalis	Minne	Onnen	Riveness	Trimble
Kelly	Munger	Orenstein	Rodosovich	Tunheim
Kelso	Murphy	Osthoff	Rukavina	Vanasek
Kinkel	Nelson, C.	Otis	Sarna	Vellenga
Kludt	Nelson, D.	Ozment	Scheid	Voss
Knuth	Nelson, K.	Pappas	Schoenfeld	Wagenius
Krueger	Neuenschwander	Pelowski	Segal	Welle
Larsen	O'Connor	Peterson	Simoneau	Wenzel
Lasley	Ogren	Price	Skoglund	Winter
Lieder	Olsen, S.	Quinn	Solberg	Wynia
McEachern	Olson, E.	Reding	Sparby	Spk. Norton
McLaughlin	Olson, K.	Rest	Stanius	

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

The question recurred on the Kelly amendment and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the amendment was adopted.

Clausnitzer moved to amend S. F. No. 282, the unofficial engrossment, as amended, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1986, section 398A.04, is amended by adding a subdivision to read:

Subd. 12. [PASSENGER SERVICE; LIMITATION.] A rail authority may spend the revenues from up to two mills of the tax authorized to be levied under subdivision 8 for construction, debt service, and operation of light rail transit. Revenues from up to one-eighth mill of this tax may be used for planning preliminary design, feasibility studies, and financing plans. Any levy from one-eighth mill to two mills must be based upon the level of light rail transit service provided for the property. The county auditor shall reduce the tax levied on all property in each city in which a light rail line does not exist but which receive bus feeder service to a light rail transit line by 50 percent and on all property in which a light rail line does not exist and are not served by bus feeder service to a light rail transit line by 75 percent."

Renumber the remaining sections

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Clausnitzer amendment and the roll was called. There were 51 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Marsh	Price	Sviggum
Beard	Frerichs	McDonald	Quist	Swenson
Bennett	Gruenes	McKasy	Redalen	Thiede
Bishop	Gutknecht	McPherson	Richter	Tjornhom
Blatz	Haukoos	Miller	Rose	Tompkins
Boo	Heap	Morrison	Schafer	Valento
Burger	Himle	Murphy	Schreiber	Waltman
Clausnitzer	Hugoson	Neuenschwander	Seaberg	
Dempsey	Jennings	Omann	Shaver	
Dille	Knickerbocker	Pauly	Solberg	
Forsythe	Knuth	Poppenhagen	Stanius	

Those who voted in the negative were:

Battaglia	Jaros	Lasley	Onnen	Segal
Bauerly	Jefferson	Lieder	Orenstein	Simoneau
Begich	Jensen	Long	Osthoft	Skoglund
Bertram	Johnson, A.	McEachern	Otis	Sparby
Brown	Johnson, R.	McLaughlin	Pelowski	Steensma
Carlson, L.	Johnson, V.	Milbert	Peterson	Trimble
Carruthers	Kahn	Minne	Reding	Tunheim
Clark	Kalis	Munger	Rest	Uphus
Cooper	Kelly	Nelson, C.	Rice	Vanasek
Dauner	Kelso	Nelson, K.	Riveness	Vellenga
DeBlieck	Kinkel	O'Connor	Rodosovich	Voss
Dorn	Kludt	Ogren	Rukavina	Wagenius
Greenfield	Kostohryz	Olsen, S.	Sarna	Welle
Hartle	Krueger	Olson, E.	Scheid	Wenzel
Jacobs	Larsen	Olson, K.	Schoenfeld	Winter
				Wynia
				Spk. Norton

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

Pauly moved to amend S. F. No. 282, the unofficial engrossment, as amended, as follows:

Page 2, after line 29, insert:

"Subd. 2. [PRELIMINARY DESIGN PLANS.] Preliminary design plans must include a total ten-year financing plan for all light rail transit projects the proposer anticipates developing and a specific financing plan for each route. The financing plan must estimate construction and operating costs, land required, debt service levies, and all alternative financing considered, together with the recommended plan."

Renumber the remaining subdivisions

Page 2, line 36, after the period insert "The preliminary design plans must be delivered to the chief executive officer of each statutory and home rule charter city in the county at least 30 days before the hearing."

A roll call was requested and properly seconded.

The question was taken on the Pauly amendment and the roll was called. There were 49 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Bennett	Gruenes	Knickerbocker	Pauly	Sviggum
Bishop	Gutknecht	Knuth	Poppenhagen	Swenson
Blatz	Haukoos	Marsh	Quist	Thiede
Boo	Heap	McDonald	Richter	Tjornhom
Burger	Himle	McKasy	Rose	Tompkins
Clausnitzer	Hugoson	McPherson	Schafer	Uphus
Dempsey	Jennings	Miller	Schreiber	Valento
Forsythe	Kelly	Morrison	Seaberg	Waltman
Frederick	Kelso	Omman	Shaver	Winter
Frerichs	Kludt	Onnen	Stanisus	

Those who voted in the negative were:

Anderson, G.	Dorn	Krueger	Neuenschwander	Price
Battaglia	Greenfield	Larsen	O'Connor	Quinn
Bauerly	Hartle	Lasley	Ogren	Redalen
Beard	Jacobs	Lieder	Olsen, S.	Reding
Begich	Jaros	McEachern	Olson, E.	Rest
Bertram	Jefferson	McLaughlin	Olson, K.	Rice
Brown	Jensen	Milbert	Orenstein	Riveness
Carlson, L.	Johnson, A.	Minne	Osthoff	Rodosovich
Carruthers	Johnson, R.	Munger	Otis	Rukavina
Clark	Johnson, V.	Murphy	Ozment	Sarna
Cooper	Kalis	Nelson, C.	Pappas	Scheid
Dauner	Kinkel	Nelson, D.	Pelowski	Schoenfeld
DeBlieck	Kostohryz	Nelson, K.	Peterson	Segal

Simoneau
Skoglund
Solberg

Sparby
Steensma
Trimble

Tunheim
Vanasek
Vellenga

Voss
Wagenius
Welle

Wenzel
Wynia
Spk. Norton

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

Morrison moved to amend S. F. No. 282, the unofficial engrossment, as amended, as follows:

Page 3, line 36, before the period insert "and financing plans. The financing plans must be submitted to the governing body of each statutory and home rule city and town in the county. Final design plans must estimate the total capital cost, operating deficit, if any, and debt service cost for the routes specified in final design plans, alternative ways of financing these expenses, and the financial plan adopted or recommended by the proposer".

A roll call was requested and properly seconded.

The question was taken on the Morrison amendment and the roll was called. There were 52 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Bennett	Frederick	Kludt	Poppenhagen	Sviggum
Bishop	Frerichs	Knickerbocker	Price	Swenson
Blatz	Gruenes	Long	Quist	Thiede
Boo	Gutknecht	Marsh	Redalen	Tjornhom
Burger	Haukoos	McDonald	Reding	Tompkins
Carlson, D.	Heap	McKasy	Richter	Uphus
Clausnitzer	Himle	McPherson	Rose	Valento
Cooper	Hugoson	Morrison	Schafer	Waltman
DeBlick	Jennings	Omann	Schreiber	
Dempsey	Johnson, V.	Onnen	Seaberg	
Forsythe	Kelso	Pauly	Stanius	

Those who voted in the negative were:

Anderson, G.	Jefferson	Milbert	Pappas	Solberg
Battaglia	Jensen	Minne	Pelowski	Sparby
Bauerly	Johnson, A.	Munger	Peterson	Steensma
Beard	Johnson, R.	Murphy	Quinn	Trimble
Begich	Kahn	Nelson, C.	Rest	Tunheim
Bertram	Kalis	Nelson, D.	Rice	Vanasek
Brown	Kelly	Nelson, K.	Riveness	Vellenga
Carlson, L.	Kinkel	Neuenschwander	Rodosovich	Voss
Carruthers	Kostobryz	O'Connor	Rukavina	Wagenius
Clark	Krueger	Ogren	Sarna	Welle
Dorn	Larsen	Olson, E.	Scheid	Wenzel
Greenfield	Lasley	Olson, K.	Schoenfeld	Winter
Hartle	Lieder	Orenstein	Segal	Wynia
Jacobs	McEachern	Osthoff	Simoneau	Spk. Norton
Jaros	McLaughlin	Otis	Skoglund	

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

Tjornhom moved to amend S. F. No. 282, the unofficial engrossment, as amended, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1986, section 398A.04, is amended by adding a subdivision to read:

Subd. 12. [METROPOLITAN AREA; LIMITATIONS.] A regional rail authority that is engaged in planning or preliminary engineering for light rail transit in the metropolitan area, defined in section 473.121, may spend tax revenues for public hearings and the dissemination of information about light rail transit, but may not spend tax revenues for activities that promote light rail transit or specific light rail proposals, including conferences, workshops, seminars, and advertising, nor for the expenses of the authority, its members, advisory committees, staff, or consultants when engaged in promotional activities."

Renumber the remaining sections

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Tjornhom amendment and the roll was called. There were 52 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Bennett	Gruenes	McDonald	Poppenhagen	Swenson
Blatz	Gutknecht	McKasy	Quist	Thiede
Boo	Haukoos	McPherson	Redalen	Tjornhom
Burger	Heap	Milbert	Richter	Tompkins
Carlson, D.	Himle	Miller	Rose	Upbus
Clausnitzer	Hugoson	Morrison	Schafer	Valento
Dempsey	Johnson, V.	Omman	Schreiber	Waltman
Dille	Knickerbocker	Onnen	Seaberg	Welle
Forsythe	Knuth	Orenstein	Shaver	
Frederick	Long	Pauly	Stanislaus	
Frerichs	Marsh	Pelowski	Svigum	

Those who voted in the negative were:

Anderson, G.	Clark	Jefferson	Kinkel	Minne
Battaglia	Cooper	Jennings	Kludt	Munger
Bauerly	Dauner	Jensen	Kostohryz	Murphy
Beard	DeBlieck	Johnson, A.	Krueger	Nelson, C.
Begich	Dorn	Johnson, R.	Lasley	Nelson, D.
Bertram	Greenfield	Kahn	Lieder	Nelson, K.
Brown	Hartle	Kalis	McEachern	Neuenschwander
Carlson, L.	Jacobs	Kelly	McLaughlin	O'Connor
Carruthers	Jaros	Kelso		Ogren

Olsen, S.	Price	Sarna	Sparby	Wenzel
Olson, E.	Quinn	Scheid	Steensma	Winter
Olson, K.	Reding	Schoenfeld	Trimble	Spk. Norton
Osthoff	Rest	Segal	Tunheim	
Otis	Rice	Simoneau	Vanasek	
Pappas	Rodosovich	Skoglund	Voss	
Peterson	Rukavina	Solberg	Wagenius	

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

S. F. No. 282 was read for the third time, as amended.

McDonald moved that S. F. No. 282, as amended, be re-referred to the Committee on Metropolitan Affairs.

A roll call was requested and properly seconded.

The question was taken on the McDonald motion and the roll was called. There were 26 yeas and 98 nays as follows:

Those who voted in the affirmative were:

Blatz	Himle	McPherson	Shaver	Valento
Burger	Hugoson	Miller	Swigum	Waltman
Clausnitzer	Long	Poppenhagen	Swenson	
Dempsey	Marsh	Quist	Thiede	
Frederick	McDonald	Richter	Tjornhom	
Haukoos	McKasy	Schreiber	Tompkins	

Those who voted in the negative were:

Anderson, G.	Gruenes	Lieder	Osthoff	Simoneau
Battaglia	Hartle	McEachern	Otis	Skoglund
Bauerly	Jacobs	McLaughlin	Ozment	Solberg
Beard	Jefferson	Milbert	Pappas	Sparby
Begich	Jennings	Minne	Pelowski	Stanisus
Bennett	Jensen	Morrison	Peterson	Steensma
Bertram	Johnson, A.	Munger	Price	Trimble
Brown	Johnson, R.	Murphy	Quinn	Tunheim
Carlson, D.	Johnson, V.	Nelson, C.	Reding	Uphus
Carlson, L.	Kahn	Nelson, D.	Rest	Vanasek
Carruthers	Kalis	Nelson, K.	Rice	Vellenga
Clark	Kelly	Neuenschwander	Riveness	Voss
Cooper	Kelso	O'Connor	Rodosovich	Wagenius
Dauner	Kinkel	Ogren	Rose	Welle
DeBleck	Kludt	Olsen, S.	Sarna	Wenzel
Dille	Knuth	Olson, E.	Schafer	Winter
Dorn	Kostohryz	Olson, K.	Scheid	Wynia
Forsythe	Krueger	Omman	Schoenfeld	Spk. Norton
Frerichs	Larsen	Onnen	Seaberg	
Greenfield	Lasley	Orenstein	Segal	

The motion did not prevail.

S. F. No. 282, A bill for an act relating to metropolitan government; permitting regional railroad authorities to engage in certain activities; amending Minnesota Statutes 1986, section 473.398.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 96 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Larsen	Orenstein	Skoglund
Battaglia	Hartle	Lasley	Osthoff	Solberg
Bauerly	Heap	Lieder	Otis	Sparby
Beard	Hugoson	McEachern	Ozment	Stanius
Begich	Jacobs	McLaughlin	Pappas	Steensma
Bennett	Jaros	Milbert	Pelowski	Swenson
Bertram	Jefferson	Minne	Peterson	Trimble
Boo	Jennings	Munger	Price	Tunheim
Brown	Jensen	Murphy	Quinn	Uphus
Carlson, D.	Johnson, A.	Nelson, C.	Redalen	Vanasek
Carlson, L.	Johnson, R.	Nelson, D.	Rest	Voss
Carruthers	Johnson, V.	Nelson, K.	Rice	Wagenius
Clark	Kahn	Neuenschwander	Rodosovich	Wenzel
Cooper	Kalis	O'Connor	Rose	Winter
Dauner	Kelly	Ogren	Rukavina	Wynia
DeBlieck	Kelso	Olsen, S.	Sarna	Spk. Norton
Dille	Kinkel	Olson, E.	Scheid	
Dorn	Kludt	Olson, K.	Schoenfeld	
Greenfield	Knuth	Omann	Segal	
Gruenes	Krueger	Onnen	Simoneau	

Those who voted in the negative were:

Blatz	Himle	Miller	Schafer	Valento
Burger	Knickerbocker	Morrison	Schreiber	Vellenga
Clausnitzer	Kostohryz	Pauly	Seaberg	Waltman
Dempsey	Long	Poppenhagen	Shaver	Welle
Forsythe	Marsh	Quist	Svigum	
Frederick	McDonald	Reding	Thiede	
Frerichs	McKasy	Richter	Tjornhom	
Haukoos	McPherson	Riveness	Tompkins	

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

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

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

RECESS

RECONVENED

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

Nelson, K., was excused between the hours of 4:20 p.m. and 5:30 p.m.

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

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

S. F. No. 1515.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1515, A bill for an act relating to higher education; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, the Mayo medical foundation, and the Minnesota job skills partnership board, with certain conditions; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 136A.101, by adding a subdivision; 136A.111, by adding a subdivision; 136A.121, subdivisions 4 and 5; 136A.132, subdivisions 3, 6, and 7; 136A.233, subdivisions 1 and 2; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.31, subdivision 3; and 645.445, subdivision 5; Laws 1983, chapter 334, section 7; repealing Minnesota Statutes 1986, section 136.09, subdivision 3.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Anderson, G., moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1515 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Anderson, G., moved that the Rules of the House be so far suspended that S. F. No. 1515 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1515 was read for the second time.

S. F. No. 1515 was reported to the House.

Carlson, L., moved to amend S. F. No. 1515, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [HIGHER EDUCATION; APPROPRIATIONS.]

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal year indicated for each purpose. The listing of an amount under the figure "1987," "1988," or "1989" in this act indicates that the amount is appropriated to be available for the year ending June 30, 1987, June 30, 1988, or June 30, 1989, respectively.

In this act, "first year" and "second year" mean the first fiscal year and second fiscal year, respectively, of the 1987-1989 biennium beginning July 1, 1987, and ending 24 months later.

In this act, "biennium" and "1987-1989 biennium" mean the two consecutive fiscal years beginning July 1, 1987, and ending 24 months later.

SUMMARY BY FUND

	1987	1988	1989	TOTAL
General	\$2,910,500	\$808,643,700	\$843,386,200	\$1,654,940,400

SUMMARY BY AGENCY - GENERAL FUND

	1987	1988	1989	TOTAL
Higher Education Coordinating Board				
\$ 0	\$ 74,532,700	\$ 77,007,000	\$151,539,700	
State Board of Vocational Technical Education				
1,895,000	151,917,900	156,290,400	310,103,300	
State Board for Community Colleges				
0	65,165,200	69,020,200	134,185,400	
State University Board				
500,000	129,725,800	138,626,700	268,852,500	
Board of Regents of the University of Minnesota				
515,500	386,450,800	401,533,000	788,499,300	
Mayo Medical Foundation				
0	851,300	908,900	1,760,200	

APPROPRIATIONS
Available for the Year
Ending June 30

	1987	1988	1989
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Sec. 2. HIGHER EDUCATION CO-
ORDINATING BOARD

Subdivision 1. Total Appropriation	\$74,532,700	\$77,007,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Agency Administration
\$2,735,100 \$2,674,500

This appropriation includes \$294,000 in 1988 and \$214,000 in 1989 for the optometry and osteopathy contract program to continue seats for students who were in the program in the 1986-1987 academic year. No new students may be admitted to the program during the biennium.

This appropriation includes \$15,000 in 1988 for scholarships and grants for eligible students of optometry. Eligible students are those who were enrolled in the 1984-1985 academic year in schools of optometry with which Minnesota had an agreement for each academic year in the 1985-1987 biennium for optometry seats. Students are obligated to practice in Minnesota as provided in Minnesota Statutes, section 136A.225.

\$100,300 in 1988 and \$100,200 in 1989 are to coordinate system missions and planning.

\$47,500 in 1988 is for a study of incentives for families to save for the costs of higher education. The board shall report its findings and recommendations to the legislature by January 15, 1988.

	1987	1988	1989
	\$	\$	\$
\$35,000 in 1988 and \$75,000 in 1989 are to provide information beginning in the eighth grade about opportunities and preparation for higher education under section 19.			

\$118,000 in 1988 and \$180,000 in 1989 are to continue the post-high school planning program. The additional funding in 1989 is to include more students and offer increased services as provided in sections 16 to 19.

Subd. 3. State Scholarships and Grants

\$62,450,000	\$64,350,000
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If the appropriation for either year is insufficient, the appropriation for the other year is available to meet scholarship and grant obligations.

Notwithstanding section 136A.121, subdivision 10, the implementation of eligibility for four full years of scholarships and grants is delayed until July 1, 1989.

\$100,000 the first year is for short-term living and transportation expenses of AVTI students.

Subd. 4. Interstate Tuition Reciprocity

\$3,700,000	\$4,300,000
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If the appropriation for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 5. State Work Study

\$4,428,600	\$4,428,600
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Subd. 6. Income Contingent Loans

\$ 110,000	\$ 158,100
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	1987	1988	1989
	\$	\$	\$
<p>This appropriation is for an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine in repaying their student debt by providing a repayment plan based on their annual income. The appropriation is to pay defaulted principal and interest payments not covered by default insurance on the original loans, and to administer the program. The board shall study the possible inclusion of students in other academic programs, including optometry, and report its recommendations to the appropriations and finance committees by December 1, 1987. Notwithstanding any law to the contrary, during the biennium applicant data collected by HECB for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program according to section 136A.162.</p>			

Subd. 7. Minitex Library Program
\$ 759,300 \$ 759,300

Subd. 8. Enterprise Development Partnerships
\$ 349,700 \$ 336,500

The board shall report to the legislature on the programs by February 1, 1989.

Subd. 9. An unexpended balance under the subdivisions in this section in the first year does not cancel but is available for the second year of the biennium.

Sec. 3. STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

Subdivision 1. Total Appropriation	1,895,000	151,917,900	156,290,400
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	1987	1988	1989
	\$	\$	\$
The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.			

Subd. 2. Instructional Expenditures

The legislature estimates that the amount for instructional expenditures will be \$196,646,200 for the first year and \$203,711,900 for the second year.

The legislature estimates that \$2,880,900 in the first year and \$2,959,000 in the second year are for repair and replacement. Revenue for this purpose must be recorded in a separate and distinct account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1989-1991 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repairs and replacement needs.

\$1,895,000 in 1987 is for the TRA/FICA deficiency.

Subd. 3. Noninstructional Expenditures

The legislature estimates that the amount for noninstructional expenditures will be \$6,516,200 for the first year and \$5,859,400 for the second year.

\$5,371,700 the first year and \$4,704,700 the second year are for debt service payments to school districts for AVTI buildings financed with district bonds issued before January 1, 1979.

\$288,900 each year is appropriated for the agricultural crisis assistance program. The commissioner of finance shall allocate these funds to the commissioner of agriculture.

	1987	1988	1989
	\$	\$	\$
\$56,100 the first year and \$49,200 the second year are for veteran farmer co-operative training programs.			

\$125,000 in 1988 and \$125,000 in 1989 are to provide services for handicapped students.

Subd. 4. State Council on Vocational Technical Education

\$38,400 the first year and \$39,400 the second year must be allocated by the state board to the state council on vocational education.

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES

Subdivision 1. Total Appropriation	65,165,200	69,020,200
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that the amount for instructional expenditures will be \$82,656,000 for the first year and \$88,488,100 for the second year.

\$187,500 in each year is to provide for special needs students.

The legislature estimates that \$1,413,200 in the first year and \$1,413,200 in the second year are for repair and replacement. Revenue for this purpose must be recorded in a separate and distinct account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1989-1991 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repairs and replacement needs.

	1987	1988	1989
	\$	\$	\$

Subd. 3. Noninstructional Expenditures

The legislature estimates that the amount for noninstructional expenditures will be \$10,962,500 for the first year and \$10,910,000 for the second year.

Sec. 5. STATE UNIVERSITY BOARD

Subdivision 1. Total Appropriation

500,000	129,725,800	138,626,700
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that the amount for instructional expenditures will be \$180,625,600 for the first year and \$193,577,400 for the second year.

The legislature estimates that \$2,565,000 in the first year and \$2,565,000 in the second year are for repair and replacement. Revenue for this purpose must be recorded in a separate and distinct account in the board's internal accounting system. Money may be transferred into and out of the account. The transfer, together with the amount and nature of the transfer, must be reported with the system's 1989-1991 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repairs and replacement needs.

The state university board shall continue to ensure that classroom teaching assistants for whom English is a second language are proficient in speaking, reading, and writing English. The board shall report the actions it is taking on this matter to the legislature by January 15, 1988.

	1987	1988	1989
	\$	\$	\$
\$375,000 in 1989 is for the expansion of upper division programs at Metropolitan State University.			

\$83,500 in 1989 is for the planning of the materials science engineering program at Winona State University. The state university board shall develop short and long range plans that specify the directions and intentions of the system in program development, particularly in the science, technology, and engineering areas. The plans shall provide an overview of the entire system as well as specifically examining the status of current programs and future plans at each campus. In its planning during the biennium, the board shall study at least immediate and long range: (1) needs for and opportunities available to students graduating in these program areas; (2) possibilities of cooperative arrangements with other educational institutions; (3) incorporation of new technology developments into existing programs rather than creating new programs; (4) potential for private sector participation and investment; (5) effects of emphasizing technological programs on other academic areas; and (6) consequences for the state's economy. The board shall report its findings to the appropriations and finance committees of the legislature by January 15, 1989.

Subd. 3. Noninstructional Expenditures

The legislature estimates that the amount for noninstructional expenditures will be \$9,045,300 for the first year and \$9,268,500 for the second year.

\$500,000 in 1987 is to be paid to the city of St. Cloud for street and pedestrian walkway improvement assessments under Laws 1983, chapter 344, section 8, subdivision 5, paragraph (b). finance committees.

	1987	1988	1989
	\$	\$	\$
Subd. 4. Construction			

During the biennium the state university board may accept money from nonstate sources to construct a building on the Mankato State University campus. No state funds shall be appropriated or expended for this purpose. The board shall supervise and control the preparation of plans and specifications for the construction of the building. The board shall advertise for bids and award contracts, supervise and inspect the work, approve necessary changes in the plans and specifications, approve estimates for payment, and accept the improvements when completed according to the plans and specifications.

Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation			
	515,500	386,450,800	401,533,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance			
		314,111,800	327,199,300

On December 1, 1988, and December 1, 1989, the president of the University of Minnesota shall furnish the senate finance and house appropriations committees and the commissioner of finance the following information: the total amount of receipts during fiscal year 1988 from all sources in excess of \$125,324,800 and during fiscal year 1989 from all sources in excess of \$130,686,500; the sources of these receipts; and the purposes for which any excess receipts were spent and accounts to which transferred.

(a) Instructional Expenditures

	1987	1988	1989
	\$	\$	\$
The legislature estimates that the amount for instructional expenditures in subdivision 2 and subdivision 3, paragraph (z) will be \$347,901,000 for the first year and \$364,148,400 for the second year.			

The legislature estimates that \$4,332,000 in the first year and \$4,332,000 in the second year are for repair and replacement. Revenue for this purpose must be recorded in a separate and distinct account in the board's internal accounting system. Money may be transferred into and out of the account. A transfer, together with the amount and nature of the transfer, must be reported with the system's 1989-1991 biennial budget request. The report must include an analysis of the adequacy of the above appropriation in meeting the system's repairs and replacement needs. Of this amount, \$200,000 in the first year is for the Falcon Heights assessment for the Roselawn Avenue project; \$82,000 in the first year is for city assessments for utilities and services for the Waseca campus; and \$3,000 in the first year is for city assessments for utilities and services for the Morris campus.

The university is requested to continue to ensure that classroom teaching assistants for whom English is a second language are proficient in speaking, reading, and writing English. The university is requested to report the actions it is taking on this matter to the legislature by January 15, 1988.

The university is requested to develop a new plan by which the funding necessary to implement comparable worth in a timely manner is provided through internal reallocation. The university shall report on its actions by January 15, 1988, to the appropriations and finance committees.

	1987	1988	1989
	\$	\$	\$
(b) Noninstructional Expenditures			

The legislature estimates that the amount for noninstructional expenditures will be \$93,210,600 for the first year and \$95,412,400 for the second year.

\$2,500,000 the first year and \$2,500,000 the second year are for the graduate fellowship program. By January 15, 1989, the University of Minnesota shall report on the distribution of graduate fellowships and their use in furthering the University of Minnesota's efforts to focus its mission and improve its programs, particularly in the liberal arts.

Subd. 3. Special Appropriations	72,339,000	74,333,700
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(a) Minnesota Extension Service		
\$14,609,200	\$14,967,100	

This appropriation includes money for agriculture extension work, county agricultural agents, home demonstration and 4-H club work, soil conservation, and consultation with extension district farmers and business operators on the business and marketing aspects of family farm operations and rural retail establishment operations. A salary increase granted by the university to personnel paid from this appropriation must not result in a reduction of the county portion of the salary payments.

\$515,500 in 1987 is for the farmer-lender mediation program.

The Center for Farm Financial Management is requested to make the FINPACK software, service fee, training, and materials available to private individuals at the same cost as it charges public, non-Extension Service parties.

(b) Agricultural Research		
\$24,248,400	\$24,863,300	

	1987	1988	1989
	\$	\$	\$
This appropriation includes money for research on aquatic plants (including wild rice), soybeans, avian disease, swine disease, corn improvement, irrigation, growing and processing grapes, plant molecular biology, and animal health (including a study of pseudorabies).			

During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distributions for farms and agribusiness and must not disproportionately represent those from the upper half of the size and income distributions.

- | | | |
|---|-------------|-------------|
| (c) Veterinary Diagnostic Laboratory | \$1,389,900 | \$1,423,400 |
| (d) Coleman Leukemia Research Center | \$ 242,300 | \$ 248,500 |
| (e) Indigent Patients (County Papers) | \$ 316,000 | \$ 416,000 |
| (f) Rural Physicians Associates Program | \$ 568,800 | \$ 583,200 |
| (g) Medical Research | \$2,405,100 | \$2,464,600 |
| (h) Special Hospitals, Service and Educational Offset | \$7,678,900 | \$7,924,400 |

During the biennium, fees for service furnished to counties and individuals under this program must be sought to increase the money appropriated. The fees are appropriated to the university hospitals, to be available until June 30, 1989.

- | | |
|--|-----------|
| (i) UMD Center for American Indian and Minority Health | \$ 75,000 |
|--|-----------|

	1987	1988	1989
	\$	\$	\$
(j) Fellowships for Minority and Disadvantaged Students			
\$ 54,900	\$ 56,300		

(k) General Research		
\$ 2,125,900	\$ 2,179,800	

This appropriation is, as the board of regents may direct, for general research, and business and economic research including business and economic research at Duluth, center for urban and regional affairs, museum of natural history, and juvenile justice seminar.

(l) Intercollegiate Athletics		
\$ 2,993,700	\$ 3,069,700	

This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Educational Amendment Act of 1972 and Minnesota Statutes, section 126.21.

Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	517,113	530,230
Morris	62,013	63,586
Crookston	42,128	43,196
Waseca	41,923	42,986

(m) Student Loans Matching Money		
\$ 51,900	\$ 54,500	

(n) Talented Youth Mathematics Program		
\$256,500	\$262,900	

Of this appropriation, \$45,000 is to match grant funds for teacher education.

	1987	1988	1989
	\$	\$	\$
This appropriation includes money to continue the outreach sites program to ensure an opportunity for the participation of youth outside the metropolitan area.			

(o) Geological Survey

\$ 951,900	\$ 976,100
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(p) Mineral Resources Research Center

\$ 762,500	\$ 781,800
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(q) Natural Resources Research Institute

\$2,485,000	\$2,548,000
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Up to \$80,000 of this appropriation may be spent for wild rice marketing research.

(r) Sea Grant College Program

\$ 314,700	\$ 322,700
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The legislature intends that the university relocate the Sea Grant program to the Duluth campus by January 1, 1988.

(s) Underground Space Center

\$ 222,000	\$ 227,600
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(t) Institute for Advanced Studies in Biological Process Technology

\$ 620,500	\$ 636,300
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(u) Industrial Relations Education

\$ 724,600	\$ 742,300
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(v) Institute for Human Genetics

\$ 497,100	\$ 509,700
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(w) Microelectronics and Information Science Center

\$ 661,200	\$ 678,000
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(x) Productivity Center

\$ 333,000	\$ 341,500
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(y) Supercomputer Institute

\$6,150,000	\$6,306,000
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	1987	1988	1989
	\$	\$	\$

This appropriation includes money for the leasing of two supercomputer architectures.

(z) Rank Funding Adjustment

\$ 1,675,000	\$1,675,000
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The legislature intends this to be a special appropriation for the 1987-1989 biennium to increase instructional expenditures as part of the University's Commitment to Focus efforts. This appropriation and the tuition revenue it generates must be allocated by the university to improve both undergraduate instruction, particularly at the lower division level, and graduate level instruction. The university should be cognizant of the instructional needs of the coordinate campuses as well as the Twin Cities campus.

Of this amount, up to \$400,000 is to ensure adequate counseling of students applying for admission as provided in section 29.

The appropriation in each year must be counted as instructional cost.

The university shall report on its uses of these funds by January 15 of each year of the biennium. Beginning in the 1989-1991 biennium, any funding appropriated for rank adjustment must be incorporated into the operations and maintenance budget.

Sec. 7. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation	851,300	908,900
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School
\$ 674,900 \$ 728,000

	1987	1988	1989
	\$	\$	\$
The state of Minnesota shall pay a capitation of \$8,653 in fiscal year 1988 and \$8,878 in fiscal year 1989 for each student who is a resident of Minnesota.			

The legislature intends capitation money to be for a maximum of 20 students in each class allowing for enrollment fluctuations that may slightly alter this number in a given class. If the appropriation for either year is insufficient, the appropriation for the other year is available. The biennial total must not be exceeded.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors as identified by the higher education coordinating board.

Subd. 3. Family Practice and Graduate Residency Program
 \$176,400 \$180,900

The state of Minnesota shall pay a capitation of \$14,700 in fiscal year 1988 and \$15,075 in fiscal year 1989 for a maximum of 12 students each year.

Sec. 8. Minnesota Statutes, section 135A.03, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF APPROPRIATION.] The direct appropriation to each board for instructional services shall equal 67 percent of the estimated total cost of instruction for the University of Minnesota, the state university system, and the community college system, and, for area vocational technical institutes, 75 74 percent of the estimated total cost of instruction.

Sec. 9. Minnesota Statutes 1986, section 135A.04, is amended to read:

135A.04 [VARIABLE TUITION.]

The board of regents of the University of Minnesota, state university board, state board for community colleges, and state board for vocational education shall establish tuition. Tuition may vary by

program, level of instruction, cost of instruction, or other classifications determined by each board. In all systems that have a credit hour basis, tuition rates must be established on that basis and must not apply across a variable number of credits. Tuition may be set at any percentage of instructional cost established by the respective boards.

Sec. 10. Minnesota Statutes 1986, section 135A.06, is amended to read:

135A.06 [SYSTEM PLANS AND MISSIONS.]

Subdivision 1. [SUBMISSION OF PLANS.] It is the intent of the legislature that the planning efforts of the public post-secondary education systems be summarized and reported to the legislature. It is the further intent that the system missions be differentiated from one another to best serve the needs of the citizens of Minnesota. In order to accomplish these goals, the University of Minnesota board of regents, the state university board, the state board for community colleges, and the state board of vocational technical education shall each submit to the governor and the legislature on December 1 of each even-numbered year a planning report for its system. The planning report shall contain the mission of the system and short- and long-range plans for programs, staff, and facilities. The report shall specify the mission and plans for two, five, and ten years. The assumptions used in developing the plans shall be included. The report shall also include plans for and progress toward achieving mission differentiation while maintaining the state's overall post-secondary objectives.

Subd. 2. [MISSION.] Each system shall review its mission as it relates to instruction, research, and public service. The systems in cooperation with the higher education coordinating board shall jointly review their missions ~~and~~ develop strategies to achieve ~~clearer~~ mission differentiation, and create an overall intersystem plan that ensures achieving the state's ~~overall~~ post-secondary objectives. The higher education coordinating board shall establish an agenda, determine schedules for accomplishing that agenda, and develop criteria for the intersystem plan.

Subd. 3. [SYSTEM PLANS.] Each system shall develop a program plan for instruction, research, and public service. Each system shall consult with the higher education coordinating board and with the other systems throughout the planning process. The higher education coordinating board shall coordinate intersystem efforts in the development of the program plans to achieve intersystem cooperation and differentiation.

Each planning report shall consider at least following elements:

(a) A statement of program priorities for undergraduate, graduate, and professional education. Program plans shall also include data about program cost and average class size within each institution.

(b) A review of plans for adjusting the number of facilities, staff, and programs to projected level of demand. Plans for adjustments shall consider campus and program mergers, campus and program closings, new governance structures, the relationship between fixed costs and projected enrollment changes, and other methods including consolidation of institutions, services, and programs that serve the same geographic area under different governing boards.

(c) Enrollment projections for two, five, and ten years. If a system uses projections which are different from the most recent available projections produced by the higher education coordinating board, the system shall compare its projections with enrollment projections prepared by the higher education coordinating board, and the system shall identify the method and assumptions used to prepare its projections.

(d) Estimated financial costs and savings of alternative plans for adjusting facilities, staff, and programs to declining enrollments and fiscal resources.

(e) Opportunities for providing services cooperatively with other public and private institutions in the same geographic area.

(f) Differentiating and coordinating missions to reduce or eliminate duplication of services and offerings to improve delivery of services and to establish clear and distinct roles and priorities.

Subd. 4. [CAPITAL REQUESTS.] A capital budget request submitted by a system must specifically relate a proposed capital project to the plans required under this section.

Subd. 5. [HECB REVIEW AND COMMENT.] The higher education coordinating board shall review and comment on the reports prepared by the systems. The board shall submit the review and comment and the intersystem plan to the governor and legislature by December 1. In order to provide sufficient time for this review, systems shall submit the reports to the coordinating board on September 1 ~~prior to the December 1 submission to the governor and legislature.~~ Before the higher education coordinating board forwards its review and comment to the legislature, each system shall be given the opportunity by the higher education coordinating board to respond to the higher education coordinating board review. In order to provide sufficient time for the systems to respond, the HECB shall provide copies of its review and comment to the systems by October 15 and the systems shall submit any responses to the higher education coordinating board by November 15, prior to the

December 1 submission to the governor and the legislature. The system responses shall accompany the higher education coordinating board review and comment when it is submitted to the governor and the legislature. As part of its review and comment, the higher education coordinating board shall present information on the costs, enrollment, and participation in public post-secondary institutions and on the progress the systems and the board are making toward an integrated intersystem planning effort.

Sec. 11. Minnesota Statutes 1986, section 136.142, is amended by adding a subdivision to read:

Subd. 1a. [LITIGATION PROCEEDS.] Notwithstanding any other law to the contrary, the state university board may retain funds received from successful litigation by or against the board. Awards made to the state or the board resulting from litigation against or by the board shall be retained by the board to the credit of the account from which the litigation was originally funded.

Sec. 12. [136.27] [CAPITAL PROJECTS BIDDING PROCEDURES.]

In awarding contracts for capital projects under section 16B.09, the board must consider the documentation provided by the bidders regarding their qualifications including evidence of having successfully completed similar work, or delivering services or products comparable to that being requested. The board shall formulate procedures to administer this section which include practices that will assist in the economic development of small businesses and small businesses owned and operated by socially or economically disadvantaged persons.

Sec. 13. Minnesota Statutes 1986, section 136A.02, subdivision 6, is amended to read:

Subd. 6. There is hereby created a higher education advisory council, the membership of which shall include the president of the University of Minnesota, the chancellor of the state university board, the chancellor of the state board for community colleges, the state director of vocational technical education, the commissioner of education, the ~~executive director~~ president of the Minnesota private college council, and a representative from the Minnesota association of private post-secondary schools. The advisory council shall (1) bring to the attention of the board any matters which the council deems as needing attention of the board, (2) make recommendations to the board as the council deems appropriate, (3) review and comment upon proposals and other matters before the board, and (4) provide any reasonable assistance to the board in its effort to fulfill responsibilities of the board. The board shall periodically inform the council of all matters under consideration by the board and shall refer all proposals to the council prior to transmitting such proposals

as recommendations to the governor and the legislature. The board shall provide time for a report from the advisory council at each meeting of the board.

The higher education advisory council shall report to the board quarterly and at such other times as the council may deem desirable. The council shall determine its meeting times, but the council shall also meet within 30 days following a request for a council meeting by the executive director of the board.

Sec. 14. Minnesota Statutes 1986, section 136A.04, subdivision 1, is amended to read:

Subdivision 1. The higher education coordinating board shall:

(a) Continuously study and analyze all phases and aspects of higher education, both public and private, and develop necessary plans and programs to meet present and future needs of the people of the state in respect thereto;

(b) Continuously engage in long range planning of the needs of higher education and, if necessary, cooperatively engage in such planning with neighboring states and agencies of the federal government;

(c) Act as successor to any committee or commission heretofore authorized to engage in exercising any of the powers and duties prescribed by sections 136A.01 to 136A.07;

(d) Review, approve or disapprove, and make recommendations and identify priorities with respect to all plans and proposals for new or additional programs of instruction or substantial changes in existing programs to be established in or offered by, the University of Minnesota, the state universities, the community colleges, and public area vocational technical institutes, and private collegiate and noncollegiate institutions offering post-secondary education; and. The board shall also periodically review existing programs offered in or by the above institutions and recommend discontinuing or modifying any existing program, the continuation of which is judged by the board as being. In reviewing new or existing programs, the board shall consider whether the program is unnecessary or, a needless duplication of existing programs, beyond the capability of the system or institution considering its resources, or beyond the scope of the system or institutional mission;

(e) Develop in cooperation with the post-secondary systems, committee on appropriations of the house of representatives, committee on finance of the senate, and the departments of administration and finance a compatible budgetary reporting format designed to provide data of a nature to facilitate systematic review of the budget submissions of the University of Minnesota, the state university

system, the state community college system and the public vocational technical schools; and which includes the relating of dollars to program output;

(f) Review budget requests, including plans for construction or acquisition of facilities, of the University of Minnesota, the state universities, the state community colleges, and public vocational technical schools for the purpose of relating present resources and higher educational programs to the state's present and long range needs; and conduct a continuous analysis of the financing of post-secondary institutions and systems, including the assessments as to the extent to which the expenditures and accomplishments are consistent with legislative intent;

(g) Obtain from private post-secondary institutions receiving state funds a report on their use of those funds;

(h) Continuously monitor and study the transferability between Minnesota post-secondary and higher education institutions of credits earned for equal and relevant work at those institutions, the degree to which credits earned at one institution are accepted at full value by the other institutions, and the policies of these institutions concerning the placement of these transferred credits on transcripts.

Sec. 15. Minnesota Statutes 1986, section 136A.05, is amended to read:

136A.05 [COOPERATION OF INSTITUTIONS OF HIGHER EDUCATION.]

All public institutions of higher education, public and private, and all state departments and agencies are requested to shall cooperate with and supply written information requested by the higher education coordinating board in order to enable it to carry out and perform its duties. Private post-secondary institutions are requested to cooperate and provide information.

Sec. 16. Minnesota Statutes 1986, section 136A.85, is amended to read:

136A.85 [CAREER GUIDANCE POST-HIGH SCHOOL PLANNING PROGRAM; ESTABLISHMENT.]

The Minnesota higher education coordinating board shall establish a voluntary post-high school planning program for all eleventh grade students in the state who desire to participate, secondary students in grades 8 through 12, and adults. The program must be a statewide education and career guidance, testing, information and planning program designed to:

(a) Assist students to make career plans and decisions regarding post-secondary education, training and goals (1) enable students and adults to consider the full range of available post-secondary opportunities;

(2) encourage early and systematic planning for education and careers by students and adults;

(3) encourage students and adults to acquire the academic skills to prepare them for a wide range of post-secondary programs;

(4) increase completion of post-secondary education by helping students and adults enroll in appropriate institutions and programs;

(5) consolidate and make more efficient the testing procedures used to advise, admit, and place students and adults in post-secondary programs;

~~(b)~~ (6) assist high school, college and vocational institute counselors in their work with students and adults;

~~(c)~~ (7) assist Minnesota colleges and vocational institutes to identify students and adults for whose talents, interests and needs they have appropriate programs;

~~(d)~~ (8) assist colleges and scholarship agencies to select from applicants those who show the most promise of benefiting from particular programs;

~~(e)~~ (9) provide educators, state planners and policy makers in the state a continuous inventory of the talents, plans, needs and other characteristics of students and adults in individual educational institutions, in educational systems, and in the state as a whole; and

~~(f)~~ (10) assist educators, state planners and policy makers to develop improved educational measures and counseling tools.

Sec. 17. Minnesota Statutes 1986, section 136A.86, subdivision 1, is amended to read:

Subdivision 1. The board shall establish an advisory task force to define the objectives of the program and make recommendations to the board on program goals, policies and, selection of tests, and coordination of tests administered by the program and post-secondary institutions. The task force shall study and make recommendations about methods to provide assistance to adults considering post-secondary education. Membership on the advisory task force shall may include, but not be limited to, representatives of: the state university system, the University of Minnesota, the state community college system, the area vocational technical

institute system, the Minnesota private college council, the Minnesota association of private post-secondary schools, the Minnesota school boards association, the Minnesota association of secondary school principals, the Minnesota school counselors association, Minnesota area vocational technical institutes, the Minnesota department of education, the Minnesota association of private vocational schools the Minnesota Federation of Teachers, the Minnesota Education Association, the Minnesota Parent Teacher Student Association, the Minnesota Community Education Association, organized labor, the business community, and a minimum of one secondary and one post-secondary education students. The expiration of this advisory task force and the terms, compensation and removal of its members shall be as provided in section 15.059, subdivision 6.

Sec. 18. Minnesota Statutes 1986, section 136A.86, subdivision 2, is amended to read:

Subd. 2. The board shall periodically at least biennially review and evaluate the statewide career guidance, testing, information and planning program and report to the governor and legislature the program status and the board's recommendations for legislation to improve the program.

Sec. 19. Minnesota Statutes 1986, section 136A.87, is amended to read:

136A.87 [ASPECTS OF THE PROGRAM.]

Subdivision 1. [ASSESSMENT INSTRUMENTS AND QUESTIONNAIRES.] The program shall:

(a) Administer to eleventh grade Minnesota high school students, who desire to participate in the program, educational measurement instruments and questionnaires as determined by the board to be appropriate to serve the purposes of sections 136A.85 to 136A.88;

(b) provide for administration of education and career assessment instruments and questionnaires to residents in grades 8 through 12, and to adults. The board shall determine the instruments and questionnaires that are appropriate to serve the purposes of sections 136A.85 to 136A.88.

Subd. 2. [HIGH SCHOOL ASSESSMENTS.] The program shall provide for administration of educational measurement instruments and questionnaires to high school students before their senior year. At least the following must be included:

(1) an aptitude assessment for students anticipating entry to collegiate programs;

(2) an inventory of interests, career directions, background information, and education plans; and

(3) a preliminary mathematics placement test to aid in future course selections, and, as determined appropriate by the board, preliminary placement tests in other subjects.

Subd. 3. [PROVISION OF INFORMATION.] The board shall make available to all residents from 8th grade through adulthood information about planning and preparing for post-secondary opportunities. Information must be provided to all 8th grade students and their parents by January 1 of each year about the need to plan for their post-secondary education. The board shall also provide information to high school students and their parents, to adults, and to out-of-school youth. The information provided may include the following:

(1) the need to start planning early;

(2) the availability of assistance in educational planning from educational institutions and other organizations;

(3) suggestions for studying effectively during high school;

(4) high school courses necessary to be adequately prepared for post-secondary education;

(5) encouragement to involve parents actively in planning for all phases of education;

(6) information about post-high school education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;

(7) ways to evaluate and select post-secondary institutions;

(8) the process of transferring credits among Minnesota post-secondary institutions and systems;

(9) the costs of post-secondary education and the availability of financial assistance in meeting these costs;

(10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and

(11) financial planning for education beyond high school.

Subd. 4. [DATA BASE.] A data base of information from the program's assessments and services shall be maintained to:

(1) provide individual reports of results to the students, to the high schools in which students are enrolled, and, if authorized by the students, to post-secondary educational institutions; and

~~(e) (2) provide annual statewide summary reports of results on a statewide basis to all Minnesota high schools and, post-secondary educational institutions and to the department of education, the chairs of the education, higher education, appropriations and finance committees of the legislature, and the governor.~~

Subd. 5. [COORDINATION.] The board shall coordinate efforts and develop additional methods of providing information, guidance, and testing services to out-of-school youth and adults.

Sec. 20. [136A.89] [ESTABLISHMENT.]

A child care grant program is established under the supervision of the higher education coordinating board. The program makes funds available to students, including students who are employed, to reduce the costs of child care while attending an eligible institution.

Sec. 21. [136A.90] [DEFINITIONS.]

For the purposes of sections 136A.89 to 136A.93, the following words have the meaning given them here.

(a) "AFDC" means recipients of aid to families with dependent children.

(b) "Board" means the Minnesota higher education coordinating board.

(c) "Child" means any person 12 years of age or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

(d) "Child care" means the care of a child by someone other than a parent or legal guardian in or outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

(e) "Eligible institution" means a Minnesota public college, university, or technical institute.

(f) "Number of students with dependent children" means the sum of all Minnesota residents enrolled in eligible institutions who report dependents on their applications to the state scholarship and grant program.

(g) "Priority groups" means caretakers receiving AFDC who are under the age of 22, do not have a high school diploma or general

equivalency diploma, or have been receiving aid to families with dependent children for more than 24 months of the last 36 months.

Sec. 22. [136A.91] [ELIGIBLE STUDENTS.]

(a) An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota or is a recipient of aid to families with dependent children;

(2) has a household income within the range established for eligibility for the sliding fee scale program under section 268.91;

(3) is pursuing a program or course of study that applies to an undergraduate degree, diploma, or certificate; and

(4) is attending an eligible institution.

Child care grants must be given for a single term as defined by the institution in accordance with policies of the board. Grants may be renewable but the recipient must supply additional information on child care expenses.

(b) Recipients who have completed their post-secondary education and had received child care funds from the board during that education must be assured sliding fee funds for employment and training programs for up to nine months after graduation if they meet eligibility standards established under section 268.91.

Sec. 23. [136A.92] [ALLOCATION BY THE BOARD.]

Subdivision 1. [PRIORITY OF FUNDS.] The board shall set aside one-half of child care funds appropriated under this section for use by AFDC recipients attending eligible institutions. The board shall ensure that priority for use of funds is given to the priority groups within the aid to families with dependent children caseload. If institutions report that funds are not available for priority recipients, the board may restrict the use of funds so that one-half of the set-aside funds are reserved for priority recipients.

Subd. 2. [ALLOCATION TO INSTITUTIONS.] The board shall allocate funds to the eligible institutions as follows:

(1) set-aside funds are allocated to each institution based on the number of its enrolled students receiving AFDC in the previous academic year; and

(2) remaining funds are allocated to each institution based on the number of its enrolled students with dependent children in the previous academic year.

Subd. 3. [MONITORING AND REALLOCATION.] (a) The board shall establish procedures to (1) continually monitor the use of funds throughout the year; (2) identify areas of unmet need for grants; and (3) redistribute available funds in a timely manner to meet the needs of eligible recipients.

(b) By April 1 of each year, each institution must return to the board the amount of funds the board projects will not be used within the institution during the remainder of the fiscal year. The board must redistribute these funds among the institutions as needed.

Subd. 4. [RELEASE OF SET-ASIDE FUNDS.] The board must reserve set-aside funds for the exclusive use of students receiving AFDC, except as follows: if the board can project, at the end of the first year of funding that all set-aside funds allocated for the year will not be used, the board may release a reasonable proportion of the funds for use by other students with dependent children. The board must take into account normal changes in attendance patterns over the course of a academic year as well as information from local agencies and service providers on the number of anticipated students. It must retain for the exclusive use of students who receive AFDC, sufficient funds to fill projected needs but not less than 65 percent of the set-aside funds.

Subd. 5. [REVIEW OF PRIORITY RECIPIENT NEEDS.] Before August 1, 1988, the board must review its use of set-aside funds to see whether any priority recipients were denied funds. If any priority recipients were denied funds and if less than one-half of the set-aside funds were used for priority recipients, the board must develop an allocation formula that reserves one-half of the set-aside funds for priority recipients.

Sec. 24. [136A.93] [DISTRIBUTION BY INSTITUTIONS.]

Subdivision 1. [GENERAL.] Institutions receiving allocations must distribute the funds using the same eligibility requirements, payment rates for child care services, and sliding fee schedules as established by the commissioner of human services under section 268.91, except that the limitation on post-secondary program length under section 268.91, subdivision 5, clause b, does not apply.

Subd. 2. [DISTRIBUTION TO PRIORITY RECIPIENTS.] In distributing set-aside funds, institutions must give priority to recipients identified by their case managers as having a priority for services. When an institution receives notice from a case manager that a priority recipient is applying for child care funds, the institution must immediately reserve funds for the recipient. Institutions may enter into cooperative agreements with employment and training service providers as necessary to coordinate the use of set-aside funds for priority group members.

Subd. 3. [REPORT.] Institutions must submit to the board quarterly reports on program activity during the preceding quarter. Expenditures must be reported for students who are:

(a) AFDC recipients;

(b) AFDC recipients who are also members of a priority group; and

(c) not AFDC recipients.

These reports shall include the names, social security numbers, and child care costs of each AFDC recipient. The board shall submit the reports to the commissioner of human services to maximize federal financial participation in the aid to families with dependent children employment special needs program under section 256.736, subdivision 8. Federal funds obtained must be used to expand the child care fund under section 268.91. The reports must include other information required by the board or the commissioner of human services for the administration and evaluation of the program.

Sec. 25. [136C.043] [COLLECTING FEES FOR SEMINARS AND MATERIALS.]

Subdivision 1. [COLLECTION; ACCOUNTS.] The state board may adopt a policy for charging fees for seminars, conferences, workshops, and instructional materials. The state director may maintain an account for depositing the fees collected.

Subd. 2. [APPROPRIATION.] The fees collected under subdivision 1 are appropriated to the state board for expenses related to the seminars, conferences, workshops, and instructional materials.

Sec. 26. Minnesota Statutes 1986, section 137.025, subdivision 1, is amended to read:

Subdivision 1. The commissioner of finance shall pay no money to the University of Minnesota pursuant to a direct appropriation, other than an appropriation for the university of Minnesota hospitals or for buildings, until the university first certifies to the commissioner of finance that its aggregate balances in the temporary investment pool, cash, or separate investments, resulting from all state maintenance and special appropriations do not exceed \$7,000,000, or any other amount specified in the act making the appropriation, plus one-third of all tuition and fee payments from the previous fiscal year. Upon this certification, 1/12 of the annual appropriation to the university shall be paid at the beginning of each month. Additional payments shall be made by the commissioner of finance whenever the state appropriations and tuition aggregate balances in the temporary investment pool, cash, or separate investments are reduced below the indicated levels.

Sec. 27. Minnesota Statutes 1986, section 137.31, subdivision 3, is amended to read:

Subd. 3. [SET-ASIDE FOR DISADVANTAGED.] At least 15 percent of the value of the procurement contracts designated for the set-aside program shall be awarded, if possible, to small businesses owned and operated by socially or economically disadvantaged persons, as defined by state law section 645.445. If small businesses owned and operated by socially or economically disadvantaged persons are unable to perform at least 15 percent of the value of the set-aside contracts, the university may award the balance of the designated set-aside procurement contracts to other small businesses.

Sec. 28. Minnesota Statutes 1986, section 645.445, subdivision 5, is amended to read:

Subd. 5. "Socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic conditions. This disadvantage may arise from cultural, social or economic circumstances, or background, physical location if the person resides or is employed in an area designated a labor surplus area by the United States Department of Labor, or other similar cause. It includes racial minorities, women, or persons who have suffered a substantial physical disability. For purposes of sections 16B.19 to 16B.22 and 137.31, the definition of "socially or economically disadvantaged person" includes sheltered workshops and work activity programs.

Sec. 29. [UNIVERSITY OF MINNESOTA ADMISSIONS COUNSELING.]

To protect access while encouraging a reduction in enrollment, the University of Minnesota shall develop counseling mechanisms to advise applicants regarding their post-secondary plans. The mechanisms must provide at least counseling for students whose high school rank and standardized test scores do not meet the minimum university admission standards or whose high school course preparation appears insufficient for academic success at the university. The counseling must occur before admission and must include a presentation of post-secondary options available to the student and an assessment of the student's opportunities for academic success within each option. The counseling is not intended to preclude applicants from being admitted to the university, but instead to improve their understanding of their enrollment options and potential for success in higher education. For applicants enrolled in high schools that have counselors, the high school counselor may provide the required advising. For applicants not enrolled in high schools or in schools without counseling staff, the advising must be provided by the university. Funding for counseling under section 6, subdivision

3, paragraph (z), must be used to develop the mechanisms. The mechanisms include, but are not limited to: workshops with high school counselors, campus based counseling, toll free hotlines, and reassigning or adding necessary university counseling staff. The public post-secondary systems should cooperate in these efforts to provide more thorough counseling for prospective students.

Sec. 30. [TASK FORCE ON QUALITY ASSESSMENT.]

Subdivision 1. [PURPOSE AND DUTIES.] A task force on post-secondary quality assessment is established. The task force shall determine the goals of quality assessment, study and select strategies and mechanisms for the state to use in achieving those goals, and consider ways to use assessment in improving post-secondary education.

Subd. 2. [MEMBERSHIP.] The members of the task force must be determined by the executive director of the HECB and the members of the higher education advisory council. One system representative and one faculty representative must be chosen for each post-secondary system from a list of nominees prepared by that system's council member. One department representative and one secondary teacher must be chosen from a list of nominees submitted by the commissioner of education. The executive director shall submit a list of nominees from the HECB staff or board members from which one task force member must be selected. The student advisory council to the HECB shall submit nominations to the executive director and the council from which two student representatives shall be selected. The executive director and the council must consider geographical balance in their selection of members. The executive director shall appoint a representative of the HECB to convene the meetings.

Subd. 3. [STAFF.] The HECB shall provide staff assistance and support services necessary for the task force to undertake and complete its work.

Subd. 4. [PILOT PROJECTS.] During the 1988 calendar year, the task force shall establish a pilot assessment project within each of the public post-secondary systems. The pilot projects must be used to help determine appropriate assessment mechanisms and to evaluate the uses and effectiveness of quality assessment.

Subd. 5. [REPORTS.] The task force shall submit a preliminary report to the higher education policy and funding divisions and committees of the legislature by February 1, 1988, concerning progress and plans of the task force. It shall submit a full report of its activities, findings, and recommendations by February 1, 1989, to these divisions and committees. Before submitting each report to the legislature, the task force shall submit the report to the higher education coordinating board for review and comment.

Subd. 6. [FUNDING.] The HECB and the task force may seek funding from nonstate sources to provide for the costs necessary to accomplish subdivisions 1 to 5.

Sec. 31. [TASK FORCE ON COMMON COURSE NUMBERING.]

Subdivision 1. [ESTABLISHED.] A task force on common course numbering in post-secondary education is established. The purpose of the task force is to study and report on the benefits to students, the cost, and the feasibility of implementing a common course numbering system.

Subd. 2. [MEMBERSHIP.] The task force consists of 25 members as follows: one system level administrator experienced in transfer of credit issues, one campus level administrator experienced in curriculum development issues, two faculty members appointed by each of the public post-secondary systems and the private college council, and one student representative from each post-secondary system appointed by the student advisory council. Task force members shall serve without compensation, except that the post-secondary systems must provide for the expenses incurred by their student representatives.

Subd. 3. [DUTIES.] The task force shall study and make recommendations on the expected outcomes and benefits of expanded course equivalency, a common course numbering system for higher education, more accessible transfer information, and students' opportunities for completion of their undergraduate educations. The legislature expects that the AVTIs will be included in these recommendations when they convert to a course credit hour basis.

Subd. 4. [HECB ROLE.] The task force study and report must be coordinated by the higher education coordinating board. The board shall provide necessary staff assistance and information to the task force.

Subd. 5. [REPORT.] By December 15, 1987, the task force shall submit its report to the higher education coordinating board for review and comment. By February 1, 1988, the task force shall submit its report and recommendations to the higher education policy, appropriations, and finance divisions or committees of the legislature. The task force terminates on June 30, 1988.

Sec. 32. [MANKATO SPECIAL ASSESSMENT.]

The city of Mankato may assess Mankato State University for the costs of reconstruction and improvement of Val Imm Drive. The assessment must not be made until completion of the work and must not exceed \$500,000 or 40 percent of the project, whichever is less.

Sec. 33. [INSTRUCTION TO THE REVISOR.]

The revisor shall change the heading before section 136A.85 from Career Guidance Program to Post-high School Planning Program."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, and the Mayo medical foundation; with certain conditions; decreasing the state portion of instructional cost at area vocational technical institutes; requiring tuition rates to be based on credit hours; appropriating funds from litigation to the state university board; requiring the state university board to consider qualifications of bidders in capital projects; allowing the state university board to receive nonstate funds for constructing a building on state land, and to control bidding, contract awards, and construction; specifying duties of the higher education coordinating board in mission differentiation and program approval; expanding the higher education coordinating board's role in student planning; establishing a child care grant program; providing for increased admissions counseling; creating task forces on quality assessment and common course numbering; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 135A.04; 135A.06; 136.142, by adding a subdivision; 136A.02, subdivision 6; 136A.04, subdivision 1; 136A.05; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.025, subdivision 1; 137.31, subdivision 3; 645.445, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 136; 136A; and 136C."

The motion prevailed and the amendment was adopted.

Carlson, L., moved to amend S. F. No. 1515, as amended, as follows:

Page 5, line 14, delete "2,880,900" and insert "2,733,100"

Page 5, line 15, delete "2,959,000" and insert "2,733,100"

Page 6, line 20, delete "1,413,200" and insert "1,086,600"

Page 6, line 21, delete "1,413,200" and insert "1,086,600"

Page 6, line 53, delete "2,565,000" and insert "2,244,000"

Page 7, line 1, delete "2,565,000" and insert "2,244,000"

Page 8, line 54, delete "4,332,000" and insert "6,732,000"

Page 8, line 55, delete "4,332,000" and insert "6,732,000"

The motion prevailed and the amendment was adopted.

Thiede, Hartle, Steensma and Vellenga were excused for the remainder of today's session.

CALL OF THE HOUSE

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

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

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

Shaver moved to amend S. F. No. 1515, as amended, as follows:

Page 8, after line 45, insert a rider to read:

"The Board of Regents shall ensure that student contributions in support of the Minnesota Public Interest Research Group are made on a voluntary basis."

A roll call was requested and properly seconded.

The question was taken on the Shaver amendment and the roll was called.

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

There were 51 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Frederick	Marsh	Pauly	Sviggum
Bennett	Frerichs	McDonald	Poppenhagen	Swenson
Bishop	Gruenes	McKasy	Quist	Tjornhom
Blatz	Gutknecht	McPherson	Redalen	Tompkins
Boo	Haukoos	Miller	Richter	Uphus
Burger	Heap	Morrison	Rose	Valento
Carlson, D.	Himle	Neuenschwander	Schafer	Waltman
Clausnitzer	Hugoson	Olson, E.	Schreiber	
Dempsey	Jennings	Omann	Seaberg	
Dille	Johnson, V.	Onnen	Shaver	
Forsythe	Kelso	Ozment	Stanius	

Those who voted in the negative were:

Battaglia	Jacobs	Larsen	Orenstein	Segal
Bauerly	Jaros	Lasley	Otis	Simoneau
Beard	Jefferson	Lieder	Pappas	Skoglund
Begich	Jensen	Long	Pelowski	Sparby
Bertram	Johnson, A.	McEachern	Peterson	Trimble
Brown	Johnson, R.	McLaughlin	Price	Tunheim
Carlson, L.	Kahn	Milbert	Quinn	Vanasek
Carruthers	Kalis	Minne	Reding	Voss
Clark	Kelly	Munger	Rest	Wagenius
Cooper	Kinkel	Murphy	Riveness	Welle
Dauner	Kludt	Nelson, D.	Rukavina	Wenzel
DeBlieck	Knuth	O'Connor	Sarna	Winter
Dorn	Kostohryz	Ogren	Scheid	Wynia
Greenfield	Krueger	Olson, K.	Schoenfeld	Spk. Norton

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

S. F. No. 1515, A bill for an act relating to higher education; appropriating money for education and related purposes to the higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, the Mayo medical foundation, and the Minnesota job skills partnership board, with certain conditions; amending Minnesota Statutes 1986, sections 135A.03, subdivision 1; 136A.101, by adding a subdivision; 136A.111, by adding a subdivision; 136A.121, subdivisions 4 and 5; 136A.132, subdivisions 3, 6, and 7; 136A.233, subdivisions 1 and 2; 136A.85; 136A.86, subdivisions 1 and 2; 136A.87; 137.31, subdivision 3; and 645.445, subdivision 5; Laws 1983, chapter 334, section 7; repealing Minnesota Statutes 1986, section 136.09, subdivision 3.

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

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

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

There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

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

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Vanasek, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Friday, May 1, 1987:

H. F. Nos. 1046, 1068, 1209, 1277, 1314, 1138, 1348, 593, 822, 165, 230, 1174 and 1524; S. F. Nos. 80, 123 and 333; H. F. No. 624; S. F. Nos. 409 and 470; H. F. Nos. 88, 307, 403 and 1590; S. F. No. 673; and H. F. No. 1252.

SPECIAL ORDERS

The Speaker called Simoneau to the Chair.

H. F. No. 388, A bill for an act relating to crimes; providing for attachment of financial assets of persons charged with committing a felony; updating the wiretap law; prohibiting persons from defrauding insurers by concealing or removing property for the purpose of making a fraudulent insurance claim; amending Minnesota Statutes 1986, sections 609.611; and 626A.05, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

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.

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

There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

CALL OF THE HOUSE LIFTED

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

H. F. No. 413 was reported to the House.

Jensen moved that H. F. No. 413 be re-referred to the Committee on Appropriations. The motion prevailed.

The Speaker resumed the Chair.

H. F. No. 730, A bill for an act relating to witnesses; expanding the exception to the husband-wife privilege applicable to crimes committed against children; amending Minnesota Statutes 1986, section 595.02, 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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 53, A bill for an act relating to municipal liability; providing for indemnification of employees for punitive damages; amending Minnesota Statutes 1986, sections 466.06; and 466.07, subdivision 1; repealing Minnesota Statutes 1986, section 466.07, subdivisions 1a, 2, and 4.

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

The bill was passed and its title agreed to.

H. F. No. 226 was reported to the House.

Battaglia moved that H. F. No. 226 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 268 was reported to the House.

Kinkel moved that H. F. No. 268 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1046 was reported to the House.

Wynia moved that H. F. No. 1046 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1068 was reported to the House.

Gruenes and Pelowski moved to amend H. F. No. 1068, the first engrossment, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1986, section 179A.03, subdivision 19, is amended to read:

Subd. 19. [TERMS AND CONDITIONS OF EMPLOYMENT.] "Terms and conditions of employment" means the hours of employment, the compensation therefor including fringe benefits, except retirement contributions or benefits of a public pension fund described in section 356.20, subdivision 2, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees the term does not mean educational policies of a school district. "Terms and conditions of employment" is subject to section 179A.07."

Page 2, after line 18, insert:

"Sec. 5. Minnesota Statutes 1986, section 465.72, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] The provisions of subdivision 1 requiring that severance pay be paid over a period not to exceed five years from retirement or termination of employment and limiting severance pay to an amount equal to one year of pay do not apply to severance pay constituting compensation for accumulated sick leave in the form of periodic contributions toward premiums for group insurance policies provided for a former employee by a governmental subdivision, if the payments are made to a person who has at least ten years of allowable service with the employer who is making the severance payments. Allowable service for purposes of this subdivision has the same definition of allowable service credit as the public pension plan providing retirement coverage to the employee while employed by the employer.

This subdivision applies only to periodic contributions that have commenced before the effective date of Laws 1986, chapter 455 or that are required under contracts, or, with respect to employees not covered by contracts, personnel policies, formally adopted by the governing body of the governmental subdivision, in existence on the effective date of Laws 1986, chapter 455. After the effective date of Laws 1986, chapter 455, a governmental subdivision may not enter into a contract or adopt a personnel policy providing for a payment in violation of subdivision 1. A personnel policy or portion of a personnel policy in existence on the effective date of Laws 1986, chapter 455 and providing for a payment in violation of subdivision 1 is null and void (i) upon the expiration of a collective bargaining agreement containing a similar provision and covering employees of the governmental subdivision that has adopted the policy, or (ii) two years from the effective date of Laws 1986, chapter 455, whichever is earlier. Any payments by governmental subdivisions in accordance

with this subdivision before the effective date of Laws 1986, chapter 455 are validated."

Renumber the sections in sequence

Correct internal references accordingly

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1068, A bill for an act relating to retirement; transferring retirement coverage of certain employees; amending Minnesota Statutes 1986, section 352.91, subdivision 4, and by adding a subdivision; and 356.30, by adding a subdivision.

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

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

Those who voted in the affirmative were:

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

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

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

The bill was passed and its title agreed to.

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 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.	Bauerly	Bennett	Blatz	Burger
Anderson, R.	Beard	Bertram	Boo	Carlson, D.
Battaglia	Begich	Bishop	Brown	Carlson, L.

Carruthers	Johnson, A.	Miller	Peterson	Solberg
Clark	Johnson, R.	Minne	Poppenhagen	Sparby
Clausnitzer	Johnson, V.	Morrison	Price	Stanius
Cooper	Kahn	Munger	Quinn	Sviggum
Dauner	Kalis	Murphy	Redalen	Swenson
DeBlieck	Kelly	Nelson, C.	Reding	Tjornhom
Dempsey	Kelso	Nelson, D.	Rest	Tompkins
Dille	Kinkel	Nelson, K.	Rice	Trimble
Dorn	Kludt	Neuenschwander	Richter	Tunheim
Frederick	Knuth	O'Connor	Riveness	Uphus
Frerichs	Kostohryz	Ogren	Rodosovich	Valento
Greenfield	Krueger	Olsen, S.	Rose	Vanasek
Gruenes	Larsen	Olson, E.	Rukavina	Voss
Gutknecht	Lasley	Olson, K.	Sarna	Wagenius
Haukoos	Lieder	Omman	Schafer	Waltman
Heap	Long	Onnen	Scheid	Welle
Himle	Marsh	Orenstein	Schoenfeld	Wenzel
Hugoson	McDonald	Osthoff	Schreiber	Winter
Jacobs	McEachern	Otis	Seaberg	Wynia
Jaros	McKasy	Ozment	Segal	Spk. Norton
Jefferson	McLaughlin	Pappas	Shaver	
Jennings	McPherson	Pauly	Simoneau	
Jensen	Milbert	Pelowski	Skoglund	

The bill was passed and its title agreed to.

H. F. No. 1314 was reported to the House.

Carruthers moved to amend H. F. No. 1314, the first engrossment, as follows:

Page 3, lines 3 and 16, delete "\$11" and insert "\$9"

The motion prevailed and the amendment was adopted.

H. F. No. 1314, A bill for an act relating to courts; conforming fees for the filing of an unlawful detainer action in Hennepin county with other civil fees and unlawful detainer fees collected throughout the state; changing Hennepin county conciliation court filing and counterclaim fees; amending Minnesota Statutes 1986, sections 488A.03, subdivision 11; and 488A.14, subdivisions 1 and 5.

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

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bertram	Carruthers	Dille	Heap
Anderson, R.	Blatz	Clark	Dorn	Himle
Battaglia	Boo	Clausnitzer	Frederick	Hugoson
Bauerly	Brown	Cooper	Frerichs	Jacobs
Beard	Burger	Dauner	Greenfield	Jaros
Begich	Carlson, D.	DeBlieck	Gruenes	Jefferson
Bennett	Carlson, L.	Dempsey	Haukoos	Jennings

Jensen	McDonald	Omann	Riveness	Swenson
Johnson, A.	McEachern	Onnen	Rodosovich	Tjornhom
Johnson, R.	McKasy	Orenstein	Rose	Tompkins
Johnson, V.	McLaughlin	Osthoff	Rukavina	Trimble
Kahn	McPherson	Otis	Sarna	Tunheim
Kalis	Milbert	Ozment	Schafer	Uphus
Kelly	Minne	Pappas	Scheid	Valento
Kelso	Morrison	Pauly	Schoenfeld	Vanasek
Kinkel	Murphy	Pelowski	Schreiber	Voss
Kludt	Nelson, C.	Peterson	Seaberg	Wagenius
Knuth	Nelson, D.	Poppenhagen	Segal	Waltman
Kostohryz	Nelson, K.	Price	Shaver	Welle
Krueger	Neuenschwander	Quinn	Simoneau	Wenzel
Larsen	O'Connor	Redalen	Skoglund	Winter
Lasley	Ogren	Reding	Solberg	Wynia
Lieder	Olsen, S.	Rest	Sparby	Spk. Norton
Long	Olson, E.	Rice	Stanisus	
Marsh	Olson, K.	Richter	Sviggum	

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

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

H. F. No. 1138 was reported to the House.

Frerichs moved to amend H. F. No. 1138, the first engrossment, as follows:

Page 3, lines 2 to 12, reinstate the stricken language

A roll call was requested and properly seconded.

The question was taken on the Frerichs amendment and the roll was called. There were 53 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dille	Krueger	Quist	Stanisus
Bennett	Dorn	Marsh	Redalen	Sviggum
Bishop	Frederick	McDonald	Richter	Swenson
Blatz	Frerichs	McPherson	Riveness	Tjornhom
Boo	Gruenes	Miller	Rose	Tompkins
Brown	Gutknecht	Neuenschwander	Schafer	Uphus
Burger	Haukoos	Olsen, S.	Schoenfeld	Valento
Carlson, D.	Heap	Omann	Schreiber	Waltman
Clausnitzer	Himle	Onnen	Seaberg	Winter
Cooper	Hugoson	Ozment	Shaver	
Dempsey	Johnson, V.	Poppenhagen	Sparby	

Those who voted in the negative were:

Anderson, G.	Carruthers	Jefferson	Kelso	Lieder
Battaglia	Clark	Jennings	Kinkel	Long
Bauerly	Dauner	Jensen	Kludt	McEachern
Beard	DeBleck	Johnson, A.	Knuth	McLaughlin
Begich	Greenfield	Johnson, R.	Kostohryz	Milbert
Bertram	Jacobs	Kalis	Larsen	Minne
Carlson, L.	Jaros	Kelly	Lasley	Morrison

Murphy	Orenstein	Reding	Simoneau	Welle
Nelson, C.	Osthoff	Rest	Skoglund	Wenzel
Nelson, D.	Otis	Rice	Solberg	Wynia
Nelson, K.	Pappas	Rodosovich	Trimble	Spk. Norton
O'Connor	Pauly	Rukavina	Tunheim	
Ogren	Peterson	Sarna	Vanasek	
Olson, E.	Price	Scheid	Voss	
Olson, K.	Quinn	Segal	Wagenius	

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

H. F. No. 1138, A bill for an act relating to small business; requiring use of certain socially and economically disadvantaged subcontractors; removing a five-year eligibility limitation; modifying the definition of small business; amending Minnesota Statutes 1986, sections 16B.19, subdivision 6; 16B.22; and 645.445, subdivisions 2 and 3.

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

The question was taken on the passage of the bill and the roll was called. There were 98 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gutknecht	Long	Osthoff	Shaver
Battaglia	Heap	Marsh	Otis	Simoneau
Beard	Himle	McEachern	Ozment	Skoglund
Begich	Jacobs	McLaughlin	Pappas	Solberg
Bennett	Jaros	Milbert	Pauly	Stanis
Bertram	Jefferson	Miller	Pelowski	Tjornhom
Bishop	Jennings	Minne	Peterson	Trimble
Blatz	Jensen	Morrison	Price	Tunheim
Burger	Johnson, A.	Munger	Quinn	Uphus
Carlson, L.	Johnson, R.	Murphy	Reding	Valento
Carruthers	Kalis	Nelson, C.	Rest	Vanasek
Clark	Kelly	Nelson, D.	Rice	Voss
Clausnitzer	Kelso	Nelson, K.	Richter	Wagenius
Cooper	Kinkel	Neuenschwander	Riveness	Welle
Dauner	Kludt	O'Connor	Rodosovich	Wenzel
DeBlick	Kostohryz	Ogren	Rukavina	Winter
Dille	Krueger	Olsen, S.	Sarna	Wynia
Dorn	Larsen	Olson, E.	Scheid	Spk. Norton
Frederick	Lasley	Olson, K.	Seaberg	
Greenfield	Lieder	Orenstein	Segal	

Those who voted in the negative were:

Anderson, R.	Frerichs	Knuth	Poppenhagen	Schoenfeld
Bauerly	Gruenes	McDonald	Quist	Schreiber
Brown	Haukoos	McPherson	Redalen	Sparby
Carlson, D.	Hugoson	Omann	Rose	Sviggun
Dempsey	Johnson, V.	Onnen	Schafer	Swenson
				Waltman

The bill was passed and its title agreed to.

H. F. No. 1348, A bill for an act relating to retirement; public employees retirement association; authorizing coverage for employees of the St. Paul Ramsey Medical Center commission; amending Minnesota Statutes 1986, section 246A.12, subdivisions 5, 6, and by adding subdivisions.

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

The question was taken on the passage of the bill and the roll was called. There were 112 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Heap	McDonald	Pelowski	Simoneau
Battaglia	Himle	McKasy	Peterson	Skoglund
Bauerly	Hugoson	McLaughlin	Poppenhagen	Solberg
Begich	Jacobs	McPherson	Price	Sparby
Bennett	Jaros	Miller	Quinn	Stanius
Bertram	Jefferson	Minne	Quist	Swenson
Bishop	Jennings	Morrison	Redalen	Tjornhom
Blatz	Jensen	Munger	Reding	Tompkins
Boo	Johnson, A.	Murphy	Rest	Trimble
Brown	Johnson, R.	Nelson, C.	Rice	Tunheim
Burger	Johnson, V.	Nelson, D.	Richter	Uphus
Carlson, D.	Kalis	Nelson, K.	Riveness	Valento
Carlson, L.	Kelly	O'Connor	Rodosovich	Vanasek
Carruthers	Kelso	Olsen, S.	Rose	Voss
Clark	Kinkel	Olson, E.	Rukavina	Wagenius
Clausnitzer	Kludt	Olson, K.	Sarna	Waltman
Cooper	Knuth	Omann	Schafer	Wenzel
Dauner	Kostohryz	Orenstein	Scheid	Winter
DeBlieck	Krueger	Osthoff	Schoenfeld	Wynia
Dille	Larsen	Otis	Schreiber	Spk. Norton
Dorn	Lasley	Ozment	Seaberg	
Frederick	Lieder	Pappas	Segal	
Greenfield	Long	Pauly	Shaver	

Those who voted in the negative were:

Dempsey	Gruenes	Haukoos	Welle
Frerichs	Gutknecht	Marsh	

The bill was passed and its title agreed to.

Vanasek moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

GENERAL ORDERS

Vanasek moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Scheid moved that the name of Frerichs be shown as chief author on H. F. No. 678. The motion prevailed.

Jennings moved that H. F. No. 1279, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

McPherson moved that H. F. No. 893 be returned to its author. The motion prevailed.

Osthoff moved that:

(1) a select committee on conduct composed of four members be established;

(2) the following members of the house are appointed to serve on said select committee:

Vellenga, Chair Forsythe

Neuenschwander Bishop

(3) the select committee on conduct recommend guidelines concerning the conduct of House members including, but not limited to:

(a) under what circumstances members may be disciplined;

(b) what procedural rights to due process members are guaranteed prior to any discipline;

(c) who has the authority to discipline members;

(d) what forms of discipline are appropriate under specific circumstances; and

(e) under what circumstances any member may be discharged from a committee or chairmanship of a committee.

(4) the select committee on conduct report its recommendations to the whole House no later than Friday, May 15.

Vanasek moved that the Osthoff motion be referred to the Committee on Rules and Legislative Administration. The motion prevailed and the Osthoff motion was referred to the Committee on Rules and Legislative Administration.

ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 10:00 a.m., Saturday, May 2, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Saturday, May 2, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives