

STATE OF MINNESOTA

SEVENTY-FIFTH SESSION—1987

FORTY-NINTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 11, 1987

The House of Representatives convened at 11:00 a.m. and was called to order by Fred C. Norton, Speaker of the House.

Prayer was offered by the Reverend Norman Aman, Pastor of St. Matthews Lutheran Church and Counselor of the Lake Superior Circuit of the Lutheran Church — Missouri Synod, Esko, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Jaros was excused.

Scheid was excused until 12:30 p.m. Olson, E., was excused until 5:40 p.m.

The Chief Clerk proceeded to read the Journals of the preceding days. Kelly moved that further reading of the Journals be dispensed

with and that the Journals 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. 606, 523, 177, 1045, 1297, 1351, 1399, 1621, 1095, 794, 1183, 290, 1210, 1219, 169 and 163 and S. F. Nos. 865, 1369, 1056, 682, 51 and 735 have been placed in the members' files.

S. F. No. 865 and H. F. No. 915, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Trimble moved that the rules be so far suspended that S. F. No. 865 be substituted for H. F. No. 915 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Osthoff from the Committee on Metropolitan Affairs to which was referred:

H. F. No. 863, A bill for an act relating to waste control; appropriating money to reimburse Farmington for excess charges.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Simoneau from the Committee on Governmental Operations to which was referred:

H. F. No. 913, A bill for an act relating to workers' compensation; providing a general administrative reform; providing for certain proceedings to be expedited; regulating the payment and amount of compensation; providing penalties; amending Minnesota Statutes 1986, sections 14.48; 175.007, subdivision 1; 175.101, subdivision 2; 176.011, subdivisions 2, 6, 7a, 9, 16, and by adding a subdivision; 176.021, subdivision 3; 176.041, subdivision 1, and by adding a subdivision; 176.081, subdivision 2; 176.101, subdivisions 1, 2, 5, and by adding a subdivision; 176.102, subdivisions 2, 3, 3a, 4, 6, 8, 10, and 13; 176.103, subdivisions 2 and 3; 176.111, subdivision 17;

176.132, subdivision 1; 176.133; 176.135, subdivisions 1, 1a, 2, 3, and by adding subdivisions; 176.136, subdivision 2; 176.1361; 176.139; 176.155, subdivisions 1, 3, and 5; 176.179; 176.185, by adding a subdivision; 176.191, subdivisions 1 and 2; 176.195, subdivision 3, 176.221, subdivisions 1, 3, and 7; 176.225, subdivisions 1 and 4; 176.231, subdivisions 2, 10, and by adding a subdivision; 176.271, subdivision 1; 176.275; 176.291; 176.301, subdivision 1; 176.305, subdivisions 1, 2, and by adding subdivisions; 176.306, subdivision 1, and by adding a subdivision; 176.312; 176.321, subdivisions 2 and 3; 176.331; 176.341, subdivision 3, and by adding subdivisions; 176.351, subdivision 2a; 176.361, subdivisions 2, 5, and 7; 176.371; 176.411, subdivision 1; 176.421, subdivision 4, and by adding a subdivision; 176.442; 176.511, subdivisions 1, 2, and 3; 176.521; 176.541, subdivisions 2, 3, 4, and 6; 176.571, subdivisions 1 and 2; 176.572; 176.581; 176.591, subdivision 3; 176.603; 176.66, subdivision 1; 176.83, subdivisions 5, 7, and 11; 176.84; 176B.02; and 176B.05; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1986, sections 176.011, subdivisions 25 and 26; 176.012; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 3v; 176.102, subdivision 6a; 176.103, subdivision 4; 176.136, subdivision 4; 176.195, subdivisions 4, 5, and 6; 176.241; 176.242; 176.2421; 176.243; 176.244; 176.271, subdivision 2; 176.501; 176.571, subdivisions 3, 4, 5, 6, and 7; and 176.602.

Reported the same back with the following amendments:

Pages 8 and 9, delete section 8

Pages 9 to 11, delete section 10

Page 15, delete section 14

Page 16, delete section 15

Pages 16 to 22, delete section 16

Page 22, delete section 17

Page 25, line 17, delete "may" and reinstate "shall"

Page 25, line 23, delete "may" and reinstate "shall"

Page 25, line 30, delete "may" and reinstate "shall"

Page 27, lines 5 to 21, delete the new language and reinstate the stricken language

Page 27, line 6, after "commissioner" insert "or compensation judge"

Page 27, line 9, after "commissioner" insert "or compensation judge"

Page 27, line 11, after "commissioner" insert "or compensation judge"

Page 27, line 27, reinstate "(d) The commissioner may waive rehabilitation"

Page 27, line 27, after "commissioner" insert "or compensation judge"

Page 27, line 27, after the stricken "consultation" insert "services"

Page 27, lines 28 and 29, reinstate the stricken language

Page 27, line 28, after "commissioner" insert "or compensation judge"

Page 27, line 30, reinstate "rehabilitation"

Page 27, line 30, after the stricken "consultation" insert "services"

Page 27, line 30, reinstate "will not be useful in returning an"

Page 27, line 31, reinstate the stricken language

Page 36, delete section 31

Page 37, line 31, after "costs" insert "of copies of any medical records or medical reports that are in existence, obtained from health care providers, and that directly relate to the items for which payment is sought under this chapter, limited to the charges allowed by subdivision 7."

Page 37, line 32, delete "or the health care provider"

Page 40, line 13, delete "as well as" and insert "Health care providers other than hospitals shall also submit"

Page 40, line 15, after "injury" insert ", provided, however, that hospitals must submit any copies of records or reports requested under subdivision 6"

Page 40, line 15, delete "No charge may be made" and insert "Health care providers may charge"

Page 40, line 17, after the period insert "Charges for copies provided under this subdivision shall not exceed \$15 for up to 15 pages, 50 cents per page for the next 35 pages and 25 cents per page for all pages thereafter."

Pages 84 and 85, delete section 104

Page 87, line 36, delete "176.011, subdivisions 25"

Page 88, line 1, delete "and 26;"

Page 88, line 1, delete everything after "176.101," and insert "subdivision"

Page 88, delete line 2

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, lines 4 and 5, delete "regulating the payment and amount of compensation;"

Page 1, line 8, delete "16,"

Page 1, line 9, delete "176.021, subdivision 3;"

Page 1, lines 11 and 12, delete "176.101, subdivisions 1, 2, 5, and by adding a subdivision;"

Page 1, line 14, delete "176.132, subdivision 1;"

Page 1, lines 33 and 34, delete "176.66, subdivision 1;"

Page 1, line 37, delete everything after "sections"

Page 1, line 38, delete everything after "176.101," and insert "subdivision"

Page 1, delete line 39

Page 1, line 40, delete "3t, 3u, and"

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.

Simoneau from the Committee on Governmental Operations to which was referred:

S. F. No. 314, A bill for an act relating to state investments; requiring the state board of investments to adopt an investment policy statement; authorizing state funds to be invested in certain securities; providing conditions of investment; amending Minnesota Statutes 1986, sections 11A.04; 11A.24, subdivisions 2, 3, 4, 5, and 6; and 11A.25.

Reported the same back with the following amendments:

Page 7, line 9, after the semicolon insert "and"

Page 7, line 10, delete "; and"

Page 7, line 11, delete everything before the period

Page 7, after line 27, insert:

"(c) In selecting among venture capital investment opportunities under clause (a)(1), the board should, to the extent consistent with the standard of care in section 11A.09, select those investments that have the potential to create jobs or otherwise enhance economic development in Minnesota."

Page 8, line 2, after the period insert "Section 6, clause (c), only applies to venture capital investments first made after the effective date of section 6."

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.

Simoneau from the Committee on Governmental Operations to which was referred:

S. F. No. 317, A bill for an act relating to retirement; police and salaried firefighters relief associations; authorizing the voluntary consolidation of local relief associations with the public employees

police and fire fund; authorizing the individual election of applicable benefit coverage upon consolidation; amending Minnesota Statutes 1986, sections 353.01, subdivisions 2b, 10, and 16; 353.271; 353.64, subdivision 1; and 353.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 353 and 356; proposing coding for new law as Minnesota Statutes, chapters 353A and 353B.

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

The report was adopted.

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

S. F. No. 1369, A bill for an act relating to traffic safety; speed limit; increasing the speed limit on rural interstate highways to 65 miles per hour; requiring all speeding violations to be recorded on drivers' records; repealing governor's authority to establish speed limits; amending Minnesota Statutes 1986, section 169.14, subdivision 2; repealing Minnesota Statutes 1986, sections 169.141; 169.99, subdivision 1b; and 171.12, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 169.14, subdivision 2, is amended to read:

Subd. 2. [SPEED LIMITS.] Where no special hazard exists the following speeds shall be lawful, but any speeds in excess of such limits shall be prima facie evidence that the speed is not reasonable or prudent and that it is unlawful; except that the speed limit within any municipality shall be a maximum limit and any speed in excess thereof shall be unlawful:

(1) 30 miles per hour in an urban district;

(2) 65 miles per hour in other locations during the daytime on interstate highways outside urbanized areas with a population of 50,000 or more, as determined by the commissioner, except as otherwise provided in section 7;

(3) 55 miles per hour in such other locations during the nighttime other than those specified in clauses (1), (2), and (4);

(4) ten miles per hour in alleys.

"Daytime" means from a half hour before sunrise to a half hour after sunset, except at any time when due to weather or other conditions there is not sufficient light to render clearly discernible persons and vehicles at a distance of 500 feet. "Nighttime" means at any other hour or at any time when due to weather or other conditions there is not sufficient light to render clearly discernible persons and vehicles at a distance of 500 feet.

Sec. 2. Minnesota Statutes 1986, section 169.141, subdivision 2, is amended to read:

Subd. 2. Upon a finding by the governor, after due consideration of available information and consultation with such federal and state officials as the governor deems appropriate, that it is necessary to reduce highway vehicular speeds because of a serious shortage of energy which exists or is imminent, the ~~commissioner of transportation~~, with the approval of the governor, shall, by order, designate the maximum allowable speed of vehicles using the highways of this state. The order shall be effective the day following the filing of a certified copy thereof in the office of the secretary of state, and shall remain in effect until rescinded by order of the ~~commissioner of transportation~~ governor. Any speed in excess of the designated maximum speed as contained in the order is unlawful, and the penalties provided in section 169.89 apply.

Sec. 3. Minnesota Statutes 1986, section 169.141, subdivision 3, is amended to read:

Subd. 3. The provisions of section 169.14 and the provisions of any other law authorizing highway vehicular speeds in excess of the maximum speed designated in the order of the ~~commissioner of transportation~~ governor provided for in subdivision 2 are inapplicable and of no effect during the period of time in which the order of the ~~commissioner of transportation~~ governor is in effect.

Sec. 4. Minnesota Statutes 1986, section 169.99, subdivision 1b, is amended to read:

Subd. 1b. The uniform traffic ticket must provide a blank or space wherein an officer who issues a citation for a violation of section 169.141 or 169.14, subdivision 2, clause (3), must specify whether the speed was greater than ten miles per hour in excess of the speed designated under in that section or clause.

Sec. 5. Minnesota Statutes 1986, section 171.12, subdivision 6, is amended to read:

Subd. 6. [CERTAIN CONVICTIONS NOT RECORDED.] The department shall not keep on the record of a driver any conviction for a violation of section 169.141 or 169.14, subdivision 2, clause (3), unless the violation consisted of a speed greater than ten miles per

hour in excess of the lawful speed designated under in that section or clause.

Sec. 6. [EXECUTIVE ORDERS NULLIFIED.]

Any order issued by the commissioner of transportation under Minnesota Statutes, section 169.141, designating the maximum speed of vehicles, which was in effect on June 1, 1987, is hereby declared to be of no effect.

Sec. 7. [APPLICATION.]

Section 1, subdivision 2, clause (2) does not apply to Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

Sec. 8. [REPEALER.]

Minnesota Statutes 1986, section 169.141, subdivision 1, is repealed."

Delete the title and insert:

"A bill for an act relating to highway traffic regulations; authorizing a 65 mile per hour speed limit on certain interstate highways; specifying speeding violations which are not recorded on permanent driving records; transferring from the commissioner of transportation to the governor authority to designate an emergency speed limit; amending Minnesota Statutes 1986, sections 169.14, subdivision 2; 169.141, subdivisions 2 and 3; 169.99, subdivision 1b; and 171.12, subdivision 6; repealing Minnesota Statutes 1986, section 169.141, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 865 and 1369 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Murphy introduced:

H. F. No. 1659, A bill for an act relating to constables; authorizing town boards to form law enforcement agencies; abolishing the office

of constable; authorizing the board of peace officer standards and training to issue peace officer licenses to persons possessing constable licenses; transferring responsibilities imposed by law upon constables to peace officers; amending Minnesota Statutes 1986, sections 38.01; 88.10, subdivision 2; 88.18; 97A.205; 115.32, subdivision 3; 123.352, subdivision 3; 136C.08, subdivision 4; 169.123, subdivision 1; 169.965, subdivisions 4 and 5; 169.966, subdivisions 4 and 5; 169.98, subdivision 1; 176.011, subdivision 9; 192.68, subdivision 1; 192.85; 260.133, subdivision 3; 277.11; 299C.03; 299C.06; 299D.03, subdivision 1; 306.13; 315.43; 317.66, subdivision 4; 325E.21, subdivision 1; 326.337, subdivision 1; 327.76, subdivision 3; 329.07; 329.14; 330.06; 332.37; 343.29, subdivision 1; 345.04; 345.05; 345.14; 346.05; 346.14; 346.17; 346.18; 347.06; 347.14, subdivisions 1 and 2; 349.33; 357.12; 359.11; 367.11; 367.40, by adding a subdivision; 367.42, subdivision 1, and by adding a subdivision; 375.24; 382.27; 383C.645; 383C.673; 395.23; 398.13; 398.35, subdivision 2; 412.101; 412.861, subdivision 1; 473.608, subdivision 17; 514.22; 514.58; 518B.01, subdivision 6; 541.06; 561.07; 566.06; 566.16; 566.175, subdivision 1; 617.27; 624.24; 624.62; 626.05, subdivision 2; 626.84, subdivision 1; 626.848; 626.86; 626.861, subdivision 4; 626.88, subdivisions 1 and 2; 629.34, subdivision 1; and 631.04; proposing coding for new law in Minnesota Statutes, chapter 367; repealing Minnesota Statutes 1986, sections 367.03, subdivision 3; 367.40, subdivision 3; 367.41; 367.42, subdivision 2; 626.843, subdivision 1a; and 626.845, subdivision 2.

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

Solberg and Bishop introduced:

H. F. No. 1660, A bill for an act relating to local government; providing for the effect of changes in planning and zoning regulations on residential lots; amending Minnesota Statutes 1986, section 462.358, by adding a subdivision.

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

Murphy introduced:

H. F. No. 1661, A bill for an act relating to constables; authorizing town boards to form law enforcement agencies and to appoint law enforcement officers; providing that after August 1, 1987, constable licenses will not be issued; amending Minnesota Statutes 1986, sections 367.40, by adding a subdivision; 367.42, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 367; repealing Minnesota Statutes 1986, sections

367.03, subdivision 3; 367.40, subdivision 4; 367.41; and 367.42, subdivision 2.

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

Welle and Dille introduced:

H. F. No. 1662, A bill for an act relating to taxation; income; defining income relating to a farm for purposes of allocation of income; amending Minnesota Statutes 1986, section 290.17, subdivision 2.

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

Munger, Rukavina, Trimble, Kahn and Rose introduced:

H. F. No. 1663, A bill for an act relating to state government; designating the timber wolf as the official state animal; proposing coding for new law in Minnesota Statutes, chapter 1.

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

Johnson, R.; Solberg; Carlson, D., and Neuenschwander introduced:

H. F. No. 1664, A bill for an act relating to food labeling; requiring the labeling of wild rice; amending Minnesota Statutes 1986, section 84.152, subdivisions 5 and 6; proposing coding for new law in Minnesota Statutes, chapter 30; repealing Minnesota Statutes 1986, section 30.49.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 357, A bill for an act relating to the city of Saint Paul; permitting the city to adopt certain regulations for smoke detection devices; amending Minnesota Statutes 1986, section 299F.362, by adding a subdivision.

H. F. No. 653, A bill for an act relating to wild animals; use of lights in taking or in tending traps; length of otter season; setting traps near water; amending Minnesota Statutes 1986, sections 97B.081; 97B.921; 97B.931; and 97B.945.

H. F. No. 924, A bill for an act relating to corrections; removing the Minnesota correctional industries from state competitive bidding requirements; amending Minnesota Statutes 1986, section 241.27, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 569, A bill for an act relating to natural resources; authorizing acceptance of tips by food service and room cleaning employees at Itasca state park; authorizing additions to and deletions from certain state parks and waysides; abolishing Old Crossing Treaty State Wayside and Rice Lake State Wayside; authorizing sale and consumption of wine by the drink at Douglas Lodge in Itasca state park; amending Minnesota Statutes 1986, sections 43A.38, subdivision 2; and 85.012, subdivision 57; proposing coding for new law in Minnesota Statutes, chapter 85; repealing Minnesota Statutes 1986, sections 85.013, subdivisions 19 and 21a; and 138.55, subdivision 6.

H. F. No. 867, A bill for an act relating to local improvements; authorizing the levy of special assessments for highway sound barriers; amending Minnesota Statutes 1986, sections 429.011, by adding a subdivision; and 429.021, subdivision 1.

H. F. No. 1524, A bill for an act relating to human services; setting forth appeal procedure for recipients of case management services; amending Minnesota Statutes 1986, sections 256.045, subdivisions 1, 3, 4, 5, 6, 7, and 10, and by adding a subdivision; repealing Minnesota Statutes 1986, section 256.045, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

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.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 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; authorizing conversion of a certain joint and survivor annuity; 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.

H. F. No. 1416, A bill for an act relating to the city of Minneapolis; providing for the appointment of the director of the office of emergency preparedness; amending Laws 1969, chapter 937, section 1, by adding a subdivision.

H. F. No. 1444, A bill for an act relating to towns; providing procedures for their organization and dissolution; amending Minnesota Statutes 1986, sections 365.45; 368.47; and 379.01.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 283, A bill for an act relating to elections; requiring confidentiality of certain matters before the ethical practices board; raising certain campaign contribution disclosure limits; changing

the method of calculating certain campaign expenditure limits; amending Minnesota Statutes 1986, sections 10A.02, subdivision 11; 10A.12, subdivision 5; 10A.20, subdivisions 3 and 5; 10A.25, subdivisions 2 and 7; 10A.255; and Laws 1980, chapter 362, section 4, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 210A.

The Senate has appointed as such committee:

Messrs. Frank, Luther and Dahl.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 1315, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees and other costs to be collected in certain cases; creating, abolishing, modifying, and transferring agencies and functions; providing for a study of the Minnesota veterans' home; providing for information systems management; defining and amending terms; providing for settlement of claims; imposing certain duties, responsibilities, authority, and limitations on agencies and political subdivisions; amending Minnesota Statutes 1986, sections 2.722, subdivision 1; 3.099, subdivision 3; 3.30, subdivision 2; 3.85, subdivision 12; 3C.11, subdivision 2; 3C.12, subdivision 7; 8.15; 14.07, subdivisions 1 and 2; 14.08; 14.47, subdivision 8; 15.01; 15.06, subdivision 1; 15A.081, subdivision 1; 16A.127, subdivision 8; 16A.85, by adding a subdivision; 16B.20, subdivision 2; 16B.41; 16B.42, subdivision 4; 69.021, subdivision 5; 84.01, subdivision 3; 84.0272; 84.091, subdivision 3; 84.83, subdivision 3; 85.30; 85.41; 85.42; 85.43; 85.45; 85A.04, subdivision 1; 88.065; 88.17, subdivision 2; 88.75, subdivision 1; 88.76; 88.79, subdivision 2; 89.04; 92.46, subdivision 1; 92.67, subdivisions 1, 4, and by adding a subdivision; 93.335, subdivision 4; 97A.061, subdivision 1; 97A.065, subdivision 2; 97A.105, subdivision 1; 97A.415, subdivision 1; 97A.445, subdivision 1; 97A.451, subdivision 4; 97A.475, subdivisions 2, 3, 6, 7, 8, 9, 11, 12, 13, and 20; 97A.485, subdivision 6; 97C.211, by adding a subdivision; 115A.15, subdivision 6; 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.49; 115A.51; 115A.52; 115A.53; 115A.917; 116.41, subdivision 2; 116J.615, by adding a subdivision; 116M.06, subdivisions 2 and 4; 116M.11, subdivision 2; 161.1419, subdivision 4; 175A.07, subdivi-

sion 2; 176.611, subdivisions 2, 6a, and by adding a subdivision; 179A.03, subdivision 17; 179A.04, subdivision 3; 179A.13; 179A.16; 179A.21; 179A.25; 197.481, subdivision 5; 204B.11, subdivision 1; 221.67; 271.01, by adding a subdivision; 273.1314, subdivision 16a; 296.16, subdivision 1; 296.421, subdivision 5; 302A.011, subdivision 11; 302A.153; 303.13, subdivision 1; 303.21, subdivision 3; 317.67, subdivision 2; 322A.16; 322A.71; 330.11, subdivision 3; 333.055, subdivision 3; 363.05, subdivision 1; 363.071, subdivision 2; 363.14, subdivision 1; 403.11, subdivision 1; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.351, by adding a subdivision; 480.241; 480A.08, subdivision 3; 540.152; 543.08; 609.101; 626.861, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 43A; 84; 86; 88; 89; 93; 97A; 97C; 115A; 480; 481; repealing Minnesota Statutes 1986, sections 3.9226, subdivision 8; 3C.035, subdivision 2; 3C.055; 3C.056; 3C.057; 6.495, subdivision 2; 92.67, subdivision 6; 116J.87; 179A.03, subdivision 3; 179A.05; 296.421, subdivision 5a; 363.01, subdivisions 14 and 26; 363.04, subdivisions 1, 2, 9, and 10; 363.12, subdivision 3; 363.121; 473.351, subdivision 5.

The Senate has appointed as such committee:

Messrs. Kroening; Luther; Merriam; Moe, D. M., and Frederickson, D. R.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 432, A bill for an act relating to education; modifying certain provisions of the compulsory attendance laws; establishing new compulsory attendance requirements; amending Minnesota Statutes 1986, sections 121.11, subdivision 7; 123.935, subdivision 7; 127.19; and 127.20; proposing coding for new law in Minnesota Statutes, chapter 120; repealing Minnesota Statutes 1986, sections 120.10, subdivisions 1, 2, 2a, and 2b; and 120.12.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McEachern moved that the House concur in the Senate amendments to H. F. No. 432 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 432, A bill for an act relating to education; modifying certain provisions of the compulsory attendance laws; establishing new compulsory attendance requirements; amending Minnesota Statutes 1986, sections 121.11, subdivision 7; 123.935, subdivision 7; 127.19; and 127.20; proposing coding for new law in Minnesota Statutes, chapter 120; repealing Minnesota Statutes 1986, sections 120.10, subdivisions 1, 2, 2a, and 2b; and 120.12.

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 106 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Lieder	Otis	Segal
Battaglia	Gutknecht	Long	Ozment	Shaver
Bauerly	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Sviggum
Bishop	Hugoson	McLaughlin	Poppenhagen	Swenson
Blatz	Jennings	McPherson	Quinn	Thiede
Boo	Jensen	Miller	Quist	Tjornhom
Brown	Johnson, A.	Minne	Redalen	Tompkins
Burger	Johnson, R.	Morrison	Reding	Trimble
Carlson, D.	Johnson, V.	Murphy	Rest	Tunheim
Carlson, L.	Kahn	Nelson, C.	Rice	Uphus
Clausnitzer	Kalis	Nelson, K.	Richter	Valento
Dauner	Kelly	Neuenschwander	Riveness	Vanasek
DeBlieck	Kelso	Ogren	Rodosovich	Vellenga
Dempsey	Kinkel	Olsen, S.	Rose	Wagenius
Dille	Knickerbocker	Olson, K.	Rukavina	Waltman
Forsythe	Kostohryz	Omann	Schafer	Wenzel
Frederick	Krueger	Onnen	Schreiber	Winter
Frerichs	Lasley	Orenstein	Seaberg	Wynia
				Spk. Norton

Those who voted in the negative were:

Anderson, R.	Cooper	Larsen	Osthoff	Skoglund
Beard	Greenfield	Munger	Price	Voss
Carruthers	Jefferson	Nelson, D.	Sarna	
Clark	Kludt	O'Connor	Simoneau	

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

Mr. Speaker:

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

H. F. No. 450, A bill for an act relating to commerce; regulating the advertisement of interest rates of investment products; proposing coding for new law in Minnesota Statutes, chapter 45.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

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

H. F. No. 450, A bill for an act relating to commerce; regulating the advertisement of interest rates of investment products; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 45.

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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Larsen	Orenstein	Segal
Anderson, R.	Frerichs	Lasley	Osthoff	Shaver
Battaglia	Greenfield	Lieder	Otis	Simoneau
Bauerly	Gruenes	Long	Ozment	Skoglund
Beard	Hartle	Marsh	Pappas	Solberg
Begich	Haukoos	McDonald	Pauly	Sparby
Bennett	Heap	McEachern	Pelowski	Stanius
Bertram	Himle	McKasy	Peterson	Sviggum
Bishop	Hugoson	McLaughlin	Poppenhagen	Swenson
Blatz	Jacobs	McPherson	Price	Thiede
Boo	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, K.	Riveness	Vellenga
Cooper	Kelly	Neuenschwander	Rodosovich	Voss
Dauner	Kinkel	O'Connor	Rose	Wagenius
DeBlicck	Khudt	Ogren	Rukavina	Waltman
Dempsey	Knickerbocker	Olsen, S.	Sarna	Welle
Dille	Knuth	Olson, K.	Schafer	Wenzel
Dorn	Kostohryz	Omana	Schreiber	Winter
Forsythe	Krueger	Ohnen	Seaberg	Wynia
				Spk. Norton

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

Mr. Speaker:

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

H. F. No. 285, A bill for an act relating to liquor laws; eliminating vicarious criminal liability for the employer of an individual who violates a liquor law; reenacting certain amendments to the dram shop act; providing for liability of professional review organizations; amending Minnesota Statutes 1986, sections 145.63; 340A.501; and 340A.801, subdivision 1; repealing Minnesota Statutes 1986, section 340A.801, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Orenstein moved that the House concur in the Senate amendments to H. F. No. 285 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 285, A bill for an act relating to liquor laws; eliminating vicarious criminal liability for the employer of an individual who violates a liquor law; reenacting certain amendments to the dram shop act; providing for liability of professional review organizations; amending Minnesota Statutes 1986, sections 145.63; 340A.501; and 340A.801, subdivision 1; repealing Minnesota Statutes 1986, section 340A.801, subdivision 5.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Carruthers	Hartle	Kelso	McLaughlin
Anderson, R.	Clark	Haukoos	Kinkel	McPherson
Battaglia	Clausnitzer	Heap	Kludt	Milbert
Bauerly	Cooper	Himle	Knickerbocker	Miller
Beard	Dauner	Hugoson	Knuth	Minne
Begich	DeBlieck	Jacobs	Kostohryz	Morrison
Bennett	Dempsey	Jefferson	Krueger	Munger
Bertram	Dille	Jennings	Larsen	Murphy
Bishop	Dorn	Jensen	Lasley	Nelson, C.
Blatz	Forsythe	Johnson, A.	Lieder	Nelson, D.
Boo	Frederick	Johnson, R.	Long	Nelson, K.
Brown	Frerichs	Johnson, V.	Marsh	Neuenschwander
Burger	Greenfield	Kahn	McDonald	O'Connor
Carlson, D.	Gruenes	Kalis	McEachern	Ogren
Carlson, L.	Gutknecht	Kelly	McKasy	Olsen, S.

Olson, K.	Poppenhagen	Rose	Solberg	Valento
Omann	Price	Rukavina	Sparby	Vanasek
Onnen	Quinn	Sarna	Stanisus	Vellenga
Orenstein	Quist	Schafer	Svigum	Voss
Osthoff	Redalen	Schoenfeld	Swenson	Wagenius
Otis	Reding	Schreiber	Thiede	Waltman
Ozment	Rest	Seaberg	Tjornhom	Welle
Pappas	Rice	Segal	Tompkins	Wenzel
Pauly	Richter	Shaver	Trimble	Winter
Pelowski	Riveness	Simoneau	Tunheim	Wynia
Peterson	Rodosovich	Skoglund	Uphus	Spk. Norton

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

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 378:

S. F. No. 378, A bill for an act relating to utilities; requiring owners of electric power lines to trim vegetation around lines; providing that failure to trim vegetation is a nuisance; proposing coding for new law in Minnesota Statutes, chapter 561.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Merriam and Dicklich and Ms. Olson.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Jacobs moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 378. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 785:

S. F. No. 785, A bill for an act relating to crimes; eliminating consent defense to charge of depriving another of parental rights; allowing filing of felony charges before 14 days have elapsed; increasing penalty for depriving another of parental rights; amending Minnesota Statutes 1986, section 609.26, subdivisions 2, 5, and 6.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Ms. Peterson, D. C.; Messrs. Pogemiller and Belanger.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Segal moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 785. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to Senate File No. 1323:

S. F. No. 1323, A bill for an act relating to statutes; conforming various laws to judicial decisions of unconstitutionality and suggestions for clarity; amending Minnesota Statutes 1986, sections 169.123, subdivision 7; 325B.15; 487.01, subdivisions 2, 3, and 4; 487.21, subdivision 4; 487.23, subdivisions 1, 2, and 3; 487.25, subdivisions 1 and 2; 487.33, subdivision 1; 488A.01, subdivision 14; 488A.18, subdivision 14; 501.35; and 525.712; repealing Minnesota Statutes 1986, sections 466.03, subdivision 2; 487.39; and 595.04.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Marty, Jude and Belanger.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Bishop moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1323. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 634, 677 and 462.

PATRICK E. FLAHAVER, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 634, A bill for an act relating to motor vehicles; permitting seven characters on personalized license plates; amending Minnesota Statutes 1986, section 168.12, subdivision 2a.

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

S. F. No. 677, A bill for an act relating to public utilities; providing for the reduced regulation of certain competitive telephone services, with limitations and procedures; requiring persons providing private shared tenant service to grant certain access; requiring a study and report on universal service assistance; amending Minnesota Statutes 1986, sections 237.01, subdivision 3; 237.081, subdivision 1a; 237.11; 237.12; 237.16, subdivision 1; 237.17; and 237.22; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1986, sections 237.13; 237.41; 237.42; and 237.43.

The bill was read for the first time.

Jacobs moved that S. F. No. 677 and H. F. No. 701, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 462, A bill for an act relating to marriage dissolution; providing a date for valuing marital assets; providing for partial distribution of marital assets; requiring parties to file a statement of assets and liabilities; providing that parties owe each other a fiduciary duty with respect to marital assets; amending Minnesota Statutes 1986, sections 518.54, subdivision 5; and 518.58.

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

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.

Anderson, R., was excused while in conference.

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 preceding Special Orders pending for today, Monday, May 11, 1987:

H. F. Nos. 1542, 715 and 14; S. F. No. 641; H. F. No. 1621; S. F. No. 1048; H. F. Nos. 236 and 701.

SPECIAL ORDERS

H. F. No. 1542, A bill for an act relating to unemployment compensation; making various technical and housekeeping changes; defining "wages"; regulating benefits and contributions; providing for the administration of the unemployment compensation law; providing penalties; amending Minnesota Statutes 1986, sections 268.04, subdivisions 9, 12, 24, 25, 26, 29, and by adding subdivisions; 268.06, subdivisions 2, 3a, 5, 6, 8, 19, 20, 22, and 24; 268.07, subdivision 3; 268.08, subdivisions 3, 3a, and by adding a subdivision; 268.09, subdivisions 1 and 3; 268.12, subdivision 8; 268.121; 268.15, subdivision 3; 268.16, subdivision 2, and by adding subdivisions; 268.161, subdivisions 1, 8, 9, and by adding a subdivision; 268.18, subdivisions 1, 2, 3, 4, 5, and by adding a subdivision; 268.65, subdivision 5; 270A.09, by adding a subdivision; and 508.25; proposing coding for new law in Minnesota Statutes, chapter 268; and repealing Minnesota Statutes 1986, section 268.24.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Gutknecht

The bill was passed and its title agreed to.

H. F. No. 715 was reported to the House.

Riveness moved to amend H. F. No. 715, the first engrossment, as follows:

Page 24, lines 27 to 36, delete everything after "268.24"

Page 25, delete lines 1 to 8

Page 25, line 9, delete everything before "Whenever"

The motion prevailed and the amendment was adopted.

Welle moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 7, line 16, delete "\$250,000,000" and insert "\$150,000,000"Page 7, line 18, delete "\$250,000,000" and insert "\$150,000,000"

Page 7, line 19, delete "\$260,000,000" and insert "\$160,000,000"

Page 7, line 20, delete "\$260,000,000" and insert "\$160,000,000"

Page 7, line 21, delete "\$270,000,000" and insert "\$170,000,000"

Page 7, line 22, delete "\$270,000,000" and insert "\$170,000,000"

Page 7, line 23, delete "\$280,000,000" and insert "\$180,000,000"

Page 7, line 24, delete "\$280,000,000" and insert "\$180,000,000"

Page 7, line 25, delete "\$290,000,000" and insert "\$190,000,000"

Page 7, line 26, delete "\$290,000,000" and insert "\$190,000,000"

Page 7, line 27, delete "\$300,000,000" and insert "\$200,000,000"

Page 7, line 28, delete "\$300,000,000" and insert "\$200,000,000"

Page 7, line 29, delete "\$310,000,000" and insert "\$210,000,000"

Page 7, line 30, delete "\$310,000,000" and insert "\$210,000,000"

Page 7, line 30, reinstate ", provided that no"

Page 7, line 31, reinstate the stricken language

Page 7, line 34, delete ".25" and insert ".3"

Page 7, line 35, after "1988," insert "and .4 percent less than the minimum rate under paragraph (b) for 1989"

Page 8, delete lines 1 to 5

Page 8, line 6, delete "(e)" and insert "(d)"

A roll call was requested and properly seconded.

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.	Bennett	Brown	Carruthers	Dauner
Battaglia	Bertram	Burger	Clark	DeBlieck
Beard	Blatz	Carlson, D.	Clausnitzer	Dempsey
Begich	Boo	Carlson, L.	Cooper	Dille

Dorn	Kludt	Murphy	Quinn	Solberg
Forsythe	Knickerbocker	Nelson, C.	Quist	Sparby
Frederick	Knuth	Nelson, K.	Redalen	Stanius
Frerichs	Kostohryz	Neuenschwander	Reding	Steensma
Gruenes	Krueger	O'Connor	Rest	Svigum
Gutknecht	Larsen	Ogren	Rice	Swenson
Hartle	Lasley	Olsen, S.	Richter	Thiede
Haukoos	Lieder	Olson, K.	Riveness	Tjornhom
Heap	Long	Omann	Rose	Tompkins
Himle	Marsh	Onnen	Rukavina	Tunheim
Hugoson	McDonald	Orenstein	Sarna	Uphus
Jennings	McEachern	Osthoff	Schafer	Valento
Jensen	McKasy	Otis	Scheid	Vanasek
Johnson, A.	McLaughlin	Ozment	Schoenfeld	Vellenga
Johnson, R.	McPherson	Pappas	Schreiber	Wagenius
Johnson, V.	Milbert	Pauly	Seaberg	Waltman
Kalis	Miller	Pelowski	Segal	Welle
Kelly	Minne	Peterson	Shaver	Wenzel
Kelso	Morrison	Poppenhagen	Simoneau	Winter
Kinkel	Munger	Price	Skoglund	Spk. Norton

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.

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

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

There were 56 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jensen	Lasley	Orenstein	Steensma
Bauerly	Johnson, A.	Lieder	Pelowski	Tunheim
Bertram	Johnson, R.	McEachern	Peterson	Uphus
Brown	Johnson, V.	Milbert	Poppenhagen	Vanasek
Cooper	Kalis	Nelson, C.	Redalen	Vellenga
Dauner	Kelso	Nelson, D.	Reding	Waltman
DeBlicke	Kinkel	Nelson, K.	Rest	Welle
Dille	Kludt	Neuenschwander	Rodosovich	Winter
Dorn	Knickerbocker	Olsen, S.	Schoenfeld	
Gruenes	Knuth	Olson, K.	Segal	
Hugoson	Krueger	Omann	Simoneau	
Jennings	Larsen	Onnen	Sparby	

Those who voted in the negative were:

Anderson, R.	Carruthers	Heap	McPherson	Pappas
Battaglia	Clark	Himle	Miller	Pauly
Beard	Clausnitzer	Jacobs	Minne	Price
Begich	Dempsey	Jefferson	Morrison	Quinn
Bennett	Forsythe	Kahn	Munger	Quist
Bishop	Frederick	Kelly	Murphy	Rice
Blatz	Frerichs	Kostohryz	O'Connor	Richter
Boo	Greenfield	Marsh	Ogren	Riveness
Burger	Gutknecht	McDonald	Osthoff	Rose
Carlson, D.	Hartle	McKasy	Otis	Rukavina
Carlson, L.	Haukoos	McLaughlin	Ozment	Sarna

Schafer
Scheid
Schreiber
Seaberg

Shaver
Skoglund
Solberg
Stanius

Swiggum
Swenson
Thiede
Tjornhom

Tompkins
Trimble
Valento
Voss

Wagenius
Wenzel
Spk. Norton

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

Krueger moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 8, line 22, delete "\$50,000,000 on April 1" and insert "\$100,000,000 on June 30"

Page 16, lines 31 to 35, strike everything after "268.24."

Page 16, line 36, strike "employment."

Page 17, after line 3, insert:

"Sec. 16. Minnesota Statutes 1986, section 268.09, subdivision 1, is amended to read:

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

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

A separation shall be for good cause attributable to the employer if it occurs as a consequence of sexual harassment. Sexual harassment means unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other conduct or communication of a sexual nature when: (1) the employee's submission to such conduct or communication is made a term or condition of the employment, (2) the employee's submission to or rejection of such conduct or communication is the basis for decisions affecting employment, or (3) such conduct or communication has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working

environment and the employer knows or should know of the existence of the harassment and fails to take timely and appropriate action.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

omissions occurring after separation from employment with the employer.

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

Sec. 17. Minnesota Statutes 1986, section 268.09, subdivision 2, is amended to read:

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

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

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

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

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

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

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

Renumber the sections accordingly and correct internal cross-references

Amend the title as follows:

Page 1, line 9, before "268.10" insert "268.09, subdivisions 1 and 2,"

A roll call was requested and properly seconded.

The question was taken on the Krueger amendment and the roll was called.

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

There were 89 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Knickerbocker	Olson, K.	Shaver
Anderson, R.	Frederick	Knuth	Omann	Sparby
Bauerly	Frerichs	Krueger	Onnen	Stanius
Bennett	Gruenes	Larsen	Orenstein	Steensma
Bertram	Gutknecht	Lasley	Ozment	Sviggum
Bishop	Hartle	Lieder	Pauly	Swenson
Blatz	Haukoos	Marsh	Pelowski	Thiede
Boo	Heap	McDonald	Peterson	Tjornhom
Brown	Himle	McEachern	Poppenhagen	Tompkins
Burger	Hugoson	McKasy	Quist	Tunheim
Carlson, D.	Jennings	McPherson	Redalen	Uphus
Clausnitzer	Jensen	Milbert	Reding	Valento
Cooper	Johnson, R.	Miller	Richter	Vellenga
Dauner	Johnson, V.	Morrison	Rodosovich	Waltman
DeBlicke	Kalis	Nelson, C.	Schafer	Welle
Dempsey	Kelso	Nelson, D.	Schoenfeld	Wenzel
Dille	Kinkel	Neuenschwander	Schreiber	Winter
Dorn	Kludt	Olsen, S.	Seaberg	

Those who voted in the negative were:

Battaglia	Johnson, A.	Nelson, K.	Rice	Trimble
Beard	Kahn	O'Connor	Riveness	Vanasek
Begich	Kelly	Ogren	Rose	Voss
Carlson, L.	Kostohryz	Osthoff	Rukavina	Wagenius
Carruthers	Long	Otis	Sarna	Wynia
Clark	McLaughlin	Pappas	Segal	Spk. Norton
Greenfield	Minne	Price	Simoneau	
Jacobs	Munger	Quinn	Skoglund	
Jefferson	Murphy	Rest	Solberg	

The motion prevailed and the amendment was adopted.

Welle moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 9, line 14, delete "1.25; and" and insert "1.4;"

Page 9, line 15, delete "1,000." and insert "300 times the state adult hourly minimum wage; and"

Page 9, after line 15, insert:

"(4) earned wage credits in 18 different weeks during the base period."

A roll call was requested and properly seconded.

Sviggum moved to amend the Welle amendment to H. F. No. 715, the first engrossment, as amended, as follows:

In the amendment, page 1, line 3, delete "1.4" and insert "1.5"

Page 1, line 7, delete "18" and insert "19"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called.

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

There were 60 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Bennett	Frederick	Kalis	Onnen	Shaver
Bertram	Frerichs	Kludt	Ozment	Stanius
Bishop	Gruenes	Knickerbocker	Pauly	Steensma
Blatz	Gutknecht	Marsh	Poppenhagen	Sviggum
Boo	Hartle	McDonald	Quist	Swenson
Brown	Haukoos	McKasy	Redalen	Thiede
Burger	Heap	McPherson	Richter	Tjornhom
Carlson, D.	Himle	Miller	Rose	Tompkins
Clausnitzer	Hugoson	Morrison	Schafer	Uphus
Dempsey	Jennings	Olsen, S.	Schoenfeld	Valento
Dille	Johnson, V.	Olson, K.	Schreiber	Waltman
Forsythe	Kahn	Omann	Seaberg	Winter

Those who voted in the negative were:

Anderson, G.	Begich	Dauner	Jefferson	Kelso
Anderson, R.	Carlson, L.	DeBlieck	Jensen	Kinkel
Battaglia	Carruthers	Dorn	Johnson, A.	Knuth
Bauerly	Clark	Greenfield	Johnson, R.	Kostohryz
Beard	Cooper	Jacobs	Kelly	Krueger

Larsen	Murphy	Otis	Rodosovich	Trimble
Lasley	Nelson, C.	Pelowski	Rukavina	Tunheim
Lieder	Nelson, D.	Peterson	Sarna	Vanasek
Long	Nelson, K.	Price	Scheid	Vellenga
McEachern	Neuenschwander	Quinn	Segal	Voss
McLaughlin	O'Connor	Reding	Simoneau	Wagenius
Milbert	Ogren	Rest	Skoglund	Welle
Minne	Orenstein	Rice	Solberg	Wenzel
Munger	Osthoff	Riveness	Sparby	Spk. Norton

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

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

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

There were 64 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Larsen	Orenstein	Steensma
Anderson, R.	Gruenes	Lasley	Ozment	Sviggum
Bauerly	Hartle	Lieder	Pelowski	Swenson
Bennett	Jennings	McEachern	Peterson	Tjornhom
Bertram	Jensen	McPherson	Poppenhagen	Tompkins
Bishop	Johnson, R.	Morrison	Redalen	Tunheim
Brown	Johnson, V.	Nelson, C.	Reding	Uphus
Carlson, D.	Kalis	Nelson, D.	Richter	Vanasek
Cooper	Kelso	Nelson, K.	Rodosovich	Vellenga
Dauner	Kinkel	Neuenschwander	Schafer	Waltman
DeBlick	Kludt	Olsen, S.	Schoenfeld	Welle
Dille	Knuth	Omann	Sparby	Winter
Dorn	Krueger	Onnen	Stanisus	

Those who voted in the negative were:

Battaglia	Gutknecht	McDonald	Pauly	Shaver
Beard	Haukoos	McKasy	Price	Simoneau
Begich	Heap	McLaughlin	Quinn	Skoglund
Blatz	Himle	Milbert	Quist	Solberg
Boo	Hugoson	Miller	Rest	Thiede
Burger	Jacobs	Minne	Rice	Trimble
Carlson, L.	Jefferson	Munger	Riveness	Valento
Carruthers	Johnson, A.	Murphy	Rose	Voss
Clark	Kahn	O'Connor	Rukavina	Wagenius
Clausnitzer	Kelly	Ogren	Sarna	Wenzel
Dempsey	Knickerbocker	Olson, K.	Scheid	Spk. Norton
Forsythe	Kostohryz	Osthoff	Schreiber	
Frerichs	Long	Otis	Seaberg	
Greenfield	Marsh	Pappas	Segal	

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

Krueger moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 9, line 24, strike "66 $\frac{2}{3}$ " and insert "60"

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

Sviggum moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Page 4, lines 10 to 23, delete section 7.

Page 7, delete lines 34 to 36 and insert "six-tenths of one percent for 1988, four-tenths of one percent for 1989, and two-tenths of one percent for 1990 and for each year thereafter."

Renumber the sections accordingly

Amend the title as follows:

Page 1, line 7, delete "2."

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called.

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

There were 60 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dille	Johnson, V.	Omann	Seaberg
Bennett	Forsythe	Kalis	Onnen	Stanius
Bertram	Frederick	Kinkel	Ozment	Steensma
Bishop	Frerichs	Knickerbocker	Pauly	Sviggum
Blatz	Gruenes	Marsh	Poppenhagen	Swenson
Boo	Gutknecht	McDonald	Quist	Thiede
Brown	Hartle	McKasy	Redalen	Tjornhom
Burger	Haukoos	McPherson	Richter	Tompkins
Carlson, D.	Heap	Miller	Rose	Uphus
Clausnitzer	Himle	Morrison	Schafer	Valento
Dauner	Hugoson	Nelson, C.	Schoenfeld	Waltman
Dempsey	Jennings	Olsen, S.	Schreiber	Winter

Those who voted in the negative were:

Anderson, G.	DeBlicek	Kahn	Lasley	Murphy
Battaglia	Dorn	Kelly	Lieder	Nelson, D.
Beard	Greenfield	Kelso	Long	Nelson, K.
Begich	Jacobs	Kludt	McEachern	Neuenschwander
Carlson, L.	Jefferson	Knuth	McLaughlin	O'Connor
Carruthers	Jensen	Kostohryz	Milbert	Ogren
Clark	Johnson, A.	Krueger	Minne	Olson, K.
Cooper	Johnson, R.	Larsen	Munger	Orenstein

Osthoff	Quinn	Rukavina	Solberg	Voss
Otis	Reding	Sarna	Sparby	Wagenius
Pappas	Rest	Scheid	Trimble	Welle
Pelowski	Rice	Segal	Tunheim	Wenzel
Peterson	Riveness	Simoneau	Vanasek	Spk. Norton
Price	Rodosovich	Skoglund	Vellenga	

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

Gutknecht moved to amend H. F. No. 715, the first engrossment, as amended, as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

UNEMPLOYMENT COMPENSATION

Section 1. Minnesota Statutes 1986, section 268.03, is amended to read:

268.03 [DECLARATION OF PUBLIC POLICY.]

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

Sec. 2. Minnesota Statutes 1986, section 268.04, subdivision 2, is amended to read:

Subd. 2. "Base period" means the period of 52 calendar weeks immediately preceding the first day of an individual's benefit year. However, if a claimant received weekly worker's compensation for temporary total disability under the provisions of chapter 176 or under a similar law of the United States for more than seven weeks within the base period, or if a claimant, whose own serious illness caused a loss of credit weeks within the base period, received compensation due to the illness from some other source or under a law of this state other than chapter 176 or under a similar law of the United States for more than seven weeks within the base period, the claimant's base period shall be lengthened by the same number of weeks, but not to exceed 52 weeks, for which the claimant received the payments. No extended base period shall include wage credits upon which benefits were established and paid with respect to a prior valid claim first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year; except that, if during the base period an individual received workers' compensation for temporary disability under chapter 176 or a similar law of the United States, or if an individual whose own serious illness caused a loss of work for which the individual received compensation due to the illness from some other source or under a law of this state other than chapter 176 or a similar law of the United States, the individual's base period shall be lengthened to the extent stated as follows:

(1) if an individual was compensated, as described above, for a loss of work of seven to 13 weeks, the original base period shall be extended to include one calendar quarter preceding the original base period; or

(2) if an individual was compensated, as described above, for a loss of work of 14 to 26 weeks, the original base period shall be extended to include two calendar quarters preceding the original base period; or

(3) if an individual was compensated, as described above, for a loss of work from 27 to 39 weeks, the original base period shall be extended to include the first three calendar quarters preceding the original base period; or

(4) if an individual was compensated, as described above, for a loss of work from 40 to 52 weeks, the original base period shall be extended to include the first four quarters preceding the original base period.

In no instance shall the base period be extended to include more than four additional calendar quarters.

No extended base period shall include wage credits upon which a claim was established and benefits were paid with respect to that valid claim.

Sec. 3. Minnesota Statutes 1986, section 268.04, subdivision 4, is amended to read:

Subd. 4. "Benefit year" with respect to any individual means the period of 52 calendar weeks beginning with the first day of the first week with respect to which the individual files a valid claim for benefits. For individuals with a claim effective January 1, April 1, July 1, or October 1, the benefit year will be a period of 53 weeks beginning with the first week with respect to which the individual files a valid claim for benefits.

Sec. 4. Minnesota Statutes 1986, section 268.04, subdivision 24, is amended to read:

Subd. 24. "Valid claim" with respect to any individual means a claim filed by an individual who has registered for work and who has earned wage credits and established credit weeks been paid wages during the individual's base period sufficient to entitle the individual to benefits under section 268.07, subdivision 2.

Sec. 5. Minnesota Statutes 1986, section 268.04, subdivision 25, is amended to read:

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

(a) For the purpose of determining contributions payable under section 268.06, subdivision 2, that part of the remuneration which exceeds, for each calendar year, the greater of \$7,000 or that part of the remuneration which exceeds 60 percent of the average annual wage rounded to the nearest \$100 computed in accordance with the provisions of clause (f) \$11,600 in 1988 and \$12,000 in 1989 and thereafter, paid to an individual by an employer with respect to covered employment in this state, or with respect to employment under the unemployment compensation law of any other state during any calendar year paid to such individual by such covered employer or predecessor during such calendar year; provided, that if the term "wages" as contained in the Federal Unemployment Tax Act is amended to include remuneration in excess of the amount required to be paid hereunder to an individual by an employer under the federal act for any calendar year, wages for the purposes of sections 268.03 to 268.24 shall include remuneration paid in a calendar year up to an amount equal to the dollar limitation specified in the Federal Unemployment Tax Act. For the purposes of this clause, the term "employment" shall include service constituting employment under any employment security law of another state or of the federal government;

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

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

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

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

(f) On or before July 1 of each year the commissioner shall determine the average annual wage paid by employers subject to sections 268.03 to 268.24 in the following manner:

(1) The sum of the total monthly employment reported for the previous calendar year shall be divided by 12 to determine the average monthly employment;

(2) The sum of the total wages reported for the previous calendar year shall be divided by the average monthly employment to determine the average annual wage.

The average annual wage determined shall be effective for the calendar year next succeeding the determination. The value of any meals and lodgings furnished by or on behalf of the employer, if at the time of such furnishings it is reasonable to believe that the employee will be able to exclude such items from income under United States Code, title 26, section 119.

Sec. 6. Minnesota Statutes 1986, section 268.04, is amended by adding a subdivision to read:

Subd. 34. [CONTRIBUTION REPORT.] “Contribution report” means the summary report of wages and employment used to determine the amount of contributions due by employers on a calendar quarter basis. An auxiliary report of wages and employment broken down by business locations, when required, is part of the contribution report.

Sec. 7. Minnesota Statutes 1986, section 268.04, is amended by adding a subdivision to read:

Subd. 35. [WAGE DETAIL REPORT.] “Wage detail report” means the itemized report used to record the information required by section 268.121.

Sec. 8. Minnesota Statutes 1986, section 268.04, is amended by adding a subdivision to read:

Subd. 36. [HIGH QUARTER.] “High quarter” means the calendar quarter in an individual’s base period for which the total wage credits paid to the individual during that quarter are equal to or greater than the total wage credits paid to the individual during any other calendar quarter in the individual’s base period.

Sec. 9. Minnesota Statutes 1986, section 268.06, subdivision 2, is amended to read:

Subd. 2. [RATES.] Each employer shall pay contributions equal to two and seven-tenths percent for each calendar year prior to 1985 and 5-4/10 percent for 1985 and each subsequent calendar year of wages paid and wages overdue and delayed beyond the usual time of payment from the employer with respect to employment occurring during each calendar year, except as may be otherwise prescribed in subdivisions 3a and 4. Each employer who has an experience ratio of less than one-tenth of one percent shall pay contributions on only the first \$8,000 in wages paid and wages overdue and delayed beyond

the usual time of payment to each employee with respect to employment occurring during each calendar year.

Sec. 10. Minnesota Statutes 1986, section 268.06, subdivision 5, is amended to read:

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

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

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

Sec. 11. Minnesota Statutes 1986, section 268.06, subdivision 8, is amended to read:

Subd. 8. [DETERMINATION OF CONTRIBUTION RATES.] (a) For each calendar year the commissioner shall determine the contribution rate of each employer by adding the minimum rate to the experience ratio; except that if the ratio for the current calendar year increases or decreases the experience ratio for the preceding calendar year by more than one and one-half percentage points for 1982; and 2½ percentage points for 1983 and each year thereafter, the increase or decrease for the current year shall be limited to one and one-half percentage points for 1982; and 2½ percentage points for 1983 and each year thereafter, provided that a small business employer shall be eligible, upon application, for a reduction in the limitation to 1½ percentage points for 1983 and each year thereafter. "Small business employer" for the purpose of this subdivision means an employer with an annual covered payroll of \$250,000 or less, or fewer than 20 employees in three of the four quarters ending June 30, of the previous calendar year.

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

(c) The minimum rate for all employers that have not had benefits charged to their account at any time during the applicable experience rating period described in subdivision 6 shall be three-tenths of one percent less than the minimum rate under paragraph (b) for 1988 and for each year thereafter, provided that no rate can be less than zero percent.

(d) For the purposes of this section the unemployment compensation fund shall not include any moneys advanced from the Federal Unemployment Account in the unemployment trust fund in accordance with Title XII of the Social Security Act, as amended. No employer first assigned an experience ratio in accordance with subdivision 6, shall have a contribution rate increased or decreased by more than one and one-half percentage points for 1982; and 2½ percentage points for 1983 and each year thereafter over the contribution rate assigned for the preceding calendar year in accordance with subdivision 3a, provided that a small business employer

shall be eligible, upon application, for a reduction in the limitation to 1½ percentage points for 1983 and each year thereafter.

Sec. 12. [268.062] [STANDBY SOLVENCY SURTAX.]

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

Sec. 13. Minnesota Statutes 1986, section 268.07, subdivision 2, is amended to read:

Subd. 2. [WEEKLY BENEFIT AMOUNT AND DURATION.] (a) If the commissioner finds that an individual has earned 15, or more, credit weeks within the base period of employment in insured work with one or more employers, benefits shall be payable to such individual during his benefit year as follows:

(1) Weekly benefit amount shall be equal to 60 percent of the first \$85, 40 percent of the next \$85 and 50 percent of the remainder of the average weekly wage of such individual. The amount so computed if not a whole dollar shall be rounded down to the next lower dollar amount. To establish a benefit year for unemployment compensation insurance benefits, effective after January 1, 1988, and thereafter, an individual must have:

(1) wage credits in two or more calendar quarters of the individual's base period; and

(2) minimum total base period wage credits equal to the high quarter wages multiplied by 1.5; and

(3) high quarter wage credits of not less than \$1,300.

(b) An individual who cannot qualify for benefits under paragraph (a), may qualify if the individual has:

(1) wage credits in three or more calendar quarters of the individual's base period; and

(2) minimum total base period wage credits equal to the high quarter wages multiplied by 2.0;

(3) high quarter wage credits of not less than \$870.

(c) If the commissioner finds that an individual has sufficient wages and weeks worked within the base period to establish a valid claim, the weekly benefit amount payable to the individual during the individual's benefit year shall be equal to one percent of the individual's wage credits during the base period, rounded to the next lower whole dollar.

(d) Notwithstanding paragraph (b), the maximum weekly benefit amount of claims for benefits which establish a benefit year subsequent to July 1, 1979 June 30, 1987, shall be 66 $\frac{2}{3}$ percent of the average weekly wage, except as provided in clause (d) \$239.

On or before June 30 of each year the commissioner shall determine the average weekly wage paid by employers subject to sections 268.03 to 268.24 in the following manner:

(a) The sum of the total monthly employment reported for the previous calendar year shall be divided by 12 to determine the average monthly employment.

(b) The sum of the total wages reported for the previous calendar year shall be divided by the average monthly employment to determine the average annual wage.

(c) The average annual wage shall be divided by 52 to determine the average weekly wage.

The maximum weekly benefit amount as so determined computed to the nearest whole dollar shall apply to claims for benefits which establish a benefit year which begins subsequent to June 30 of each year.

(d) The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1982, and prior to July 1, 1983, shall be \$184.

The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1983, and prior to July 1, 1984, shall be \$191.

The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1984, and prior to July 1, 1985, shall be \$198.

(2) An individual's maximum amount of regular benefits payable in a benefit year shall not exceed the lesser of (a) 26 times his weekly benefit amount or (b) 70 percent of the number of credit weeks earned by such an individual computed to the nearest whole week times his weekly benefit amount.

(e) An eligible individual shall be entitled during any benefit year to a total amount of benefits equal to one-third of the individual's total base period wage credits rounded to the next lower dollar not to exceed 26 times the individual's weekly benefit amount; except that, the maximum number of weeks of benefits that can be received as calculated under this paragraph shall be increased by one for each full year, excluding the first five years, of continuous employment the individual has worked with the same employer, subject to a maximum of eight additional weeks. For purposes of this paragraph, "continuous employment" means an individual has 26 or more weeks in a calendar year with the same employer with credit being given for leaves of absence for health reasons.

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

(4) The provisions of clauses (1) and (2) shall apply to claims for benefits which establish a benefit year subsequent to June 30, 1983.

(g) The minimum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1987, shall be \$68 for claims established under paragraph (a) or \$40 for claims established under paragraph (b).

Sec. 14. Minnesota Statutes 1986, section 268.07, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION.] Notwithstanding the provisions of subdivision 2, if the commissioner finds that an individual has earned credit weeks wage credits in seasonal employment, benefits shall be payable only if the commissioner finds that the individual has earned 15 credit weeks wage credits equal to or in excess of 36 times the individual's weekly benefit amount for claims establishing a benefit year before July 1, 1988, or at least 40 times the individual's weekly benefit amount in employment which is not seasonal for claims establishing a benefit year after June 30, 1988, in employ-

ment which is not seasonal, in addition to any credit weeks wage credits in seasonal employment. For the purposes of this subdivision, "seasonal employment" means employment with a single employer in the recreation or tourist industry which is available with the employer for 15 consecutive weeks or less each calendar year.

Sec. 15. Minnesota Statutes 1986, section 268.07, subdivision 3, is amended to read:

Subd. 3. [WHEN WAGE CREDITS ARE NOT AVAILABLE.] (1) No individual may receive benefits in a benefit year unless, subsequent to the beginning of the next preceding benefit year during which benefits were received, the individual performed service in insured work as defined in section 268.04, subdivision 17, and earned remuneration for the service in an amount equal to not less than the minimum wage credits required to qualify for benefits. To establish a second benefit year following the expiration of an immediately preceding benefit year, an individual must have sufficient wage credits and weeks worked to establish a claim under subdivision 2, and must have performed services after the establishment of the expired benefit year. The services performed must have been in insured work and the wage credits from the services must equal not less than ten times the weekly benefit amount of the second benefit year.

(2) No employer who provided 90 percent or more of the wage credits in a claimant's base period shall be charged for benefits based upon earnings of the claimant during a subsequent base period unless the employer has employed the claimant in any part of the subsequent base period.

(3) Wages paid by an employing unit may not be used for benefit purposes by any individual who (a) individually or jointly with a spouse, parent or child owns or controls directly or indirectly 25 percent or more interest in the employing unit; or (b) is the spouse, parent or minor child of any individual who owns or controls directly or indirectly 25 percent or more interest in the employing unit; and (c) is not permanently separated from employment.

This clause is effective when the individual has been paid four times the individual's weekly benefit amount in the current benefit year.

(4) Wages paid in seasonal employment, as defined in subdivision 2a, are not available for benefit purposes during weeks in which there is no seasonal employment available with the employer.

(5) No employer shall be charged for benefits if the employer is a base period employer on a second claim solely because of the transition from a base period consisting of the 52-week period preceding the claim date to a base period consisting of the first four

of the last five completed calendar quarters preceding the claim date.

Sec. 16. Minnesota Statutes 1986, section 268.071, subdivision 1, is amended to read:

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

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

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

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

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

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

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

(b) equaled or exceeded five percent.

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

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

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

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

(6) [EXTENDED BENEFITS.] "Extended benefits" means benefits (including benefits payable to federal civilian employees and to ex-servicemen pursuant to United States Code, title 5, chapter 85) payable to an individual under the provisions of this section for weeks of unemployment in the individual's eligibility period.

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

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

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

(a) Has received, prior to such week, all of the regular benefits that were available under this law or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-servicemen under United States Code, title 5, chapter 85) in the individual's current benefit year that includes such week;

Provided, that, for the purposes of this paragraph, an individual shall be deemed to have received all of the regular benefits that were available to the individual although as a result of a pending appeal with respect to wage credits or credit weeks or weeks worked that were not considered in the original monetary determination in the

individual's benefit year, the individual may subsequently be determined to be entitled to added regular benefits; or

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

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

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

Sec. 17. [268.073] [ADDITIONAL UNEMPLOYMENT COMPENSATION BENEFITS.]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 6. [ELIGIBILITY.] The additional benefits provided under this section shall be payable to any claimant who meets the eligibility conditions under subdivision 3 whose unemployment occurred on July 1, 1984, or thereafter, provided the claimant has filed a claim for additional benefits which is effective January 1, 1988, or thereafter.

Sec. 18. Minnesota Statutes 1986, section 268.08, subdivision 1, is amended to read:

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

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

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

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

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

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

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

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

Sec. 19. Minnesota Statutes 1986, section 268.08, subdivision 3, is amended to read:

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

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

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

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

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

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

Provided, that if such remuneration is less than the benefits which would otherwise be due under sections 268.03 to 268.24, the individual shall be entitled to receive for such week, if otherwise eligible, benefits reduced by the amount of such remuneration; provided, further, that if the appropriate agency of such other state or the federal government finally determines that the individual is not entitled to such benefits, this provision shall not apply. If the computation of reduced benefits, required by this subdivision, is not a whole dollar amount, it shall be rounded down to the next lower dollar amount.

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

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

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

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

Sec. 20. Minnesota Statutes 1986, section 268.09, subdivision 1, is amended to read:

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

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

A separation shall be for good cause attributable to the employer if it occurs as a consequence of sexual harassment. Sexual harass-

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

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

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

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

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

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

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

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

(e) The individual is terminated by the employer because the individual gave notice of intention to terminate employment within 30 days. This exception shall be effective only through the calendar

week which includes the date of intended termination, provided that this exception shall not result in the payment of benefits for any week for which the individual receives the individual's normal wage or salary which is equal to or greater than the weekly benefit amount;

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

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

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

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

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

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

Benefits paid subsequent to an individual's failure, without good cause, to accept an offer of suitable re-employment shall not be used as a factor in determining the future contribution rate of the employer whose offer of re-employment was not accepted or whose offer of re-employment was refused solely due to the distance of the

available work from the individual's residence, the individual's own serious illness or the individual's other employment at the time of the offer.

(5) An individual who was employed by an employer shall not be disqualified for benefits under this subdivision for any acts or omissions occurring after separation from employment with the employer.

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

Sec. 21. Minnesota Statutes 1986, section 268.09, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

Sec. 22. Minnesota Statutes 1984, section 268.09, is amended by adding a subdivision to read:

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

Sec. 23. Minnesota Statutes 1986, section 268.10, subdivision 1, is amended to read:

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

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

(2) Upon the filing, by an individual, of a claim for benefits, the commissioner shall give notice to all such base period employers of the filing of such claim and request each such base period employer,

within seven days after the mailing of such notice, to furnish the following information:

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

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

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

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

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

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

(a) Determine the validity of an individual's claim based on the claimant's statements or any other available information. An employer shall be liable for a late filing fee of not less than \$5 nor more than \$25, as the commissioner may determine, to be paid to the department of jobs and training and credited to the contingent fund if the employer has failed without good cause to submit the wage and separation information as required in clause 2 of this subdivision within seven days after the request has been duly mailed to the employer's last known address.

(c) Upon establishment of a benefit year, the commissioner shall give notice to the last employer for whom the individual worked and all base period employers. The employer so notified shall have seven days after the mailing of the notice to file a protest to monetary entitlement or raise an issue of ineligibility or disqualification.

(d) If, upon review of the wage information on file with the department, it is found that an employer failed to provide wage information for the claimant, the commissioner shall accept a claimant certification as to the wages earned, based upon the claimant's records, and issue a monetary determination of validity certification. This determination may be modified based upon corrected information subsequently received from the employer or other sources. The employer who failed to report the individual's wages or filed an erroneous report may be penalized in accordance with section 268.16 or 268.18. In the absence of fraud, if a redetermina-

tion of validity of claim based on an employer's late or erroneous report subsequently cancels or reduces the amount of benefits to which a claimant was entitled under the initial determination, the claimant shall not be required to make repayment to the fund of any benefits paid prior to such redetermination; and

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

Sec. 24. Minnesota Statutes 1986, section 268.10, subdivision 2, is amended to read:

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

awarding benefits, any benefits paid under the award of such initial determination or appeal tribunal decision shall be deemed erroneous payments.

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

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

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

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

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

Sec. 25. Minnesota Statutes 1986, section 268.12, subdivision 8, is amended to read:

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

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

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

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

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

Sec. 26. Minnesota Statutes 1986, section 268.121, is amended to read:

268.121 [WAGE REPORTING.]

Beginning on April 1, 1984, each employer subject to this chapter shall provide the commissioner with a quarterly report of the wages, as defined in section 268.04, subdivision 25, paid to each employee of that employer covered by this chapter. The commissioner shall provide the legislature with recommendations for statutory changes to fully implement this section no later than January 1, 1983 report must include the employee's name, social security number, the wage the employee earned each week, and the total wages paid to the employee. The report is due and must be filed at the same time as the contribution report in accordance with rules established by the commissioner for filing of quarterly contribution reports. For the purpose of this section, "wages paid" includes wages actually or constructively paid and wages overdue and delayed beyond the usual time of payment.

Sec. 27. Minnesota Statutes 1986, section 268.16, subdivision 2, is amended to read:

Subd. 2. [REPORTS; DELINQUENCIES; PENALTIES.] (4) (a) Any employer who knowingly fails to make and submit to the department of jobs and training any contribution report of wages paid by or due from the employer for insured work in the manner and at the time such the report is required by rules prescribed by the commissioner shall pay to the department of jobs and training for the contingent account a penalty in the amount of 1½ percent of contributions accrued during the period for which such the report is required, for each month from and after such the due date until such the report is properly made and submitted to the department of jobs and training. In no case shall the amount of the penalty imposed hereby be less than \$5 per month. The maximum penalty imposed hereby shall be \$25 or the amount determined at the rate of 1½ percent per month, whichever is greater. Any employing unit which

fails to make and submit to the commissioner any report, other than one of wages paid or payable for insured work, as and when required by the rules of the commissioner, shall be subject to a penalty in the sum of \$10 payable to the department of (jobs and training) for the contingent account. All such penalties shall be in addition to interest and any other penalties provided for by sections 268.03 to 268.24 and shall be collected as provided by section 268.161.

(2) (b) If any employing unit required by sections 268.03 to 268.24 to make and submit contribution reports shall fail to do so within the time prescribed by these sections or by rules under the authority thereof, or shall make, willfully or otherwise, an incorrect, false or fraudulent contribution report, it shall, on the written demand of the commissioner, make such contribution report, or corrected report, within ten days after the mailing of such written demand and at the same time pay the whole contribution, or additional contribution, due on the basis thereof. If such employer shall fail within that time to make such report, or corrected report, the commissioner shall make a report, or corrected report, from the commissioner's own knowledge and from such information as the commissioner can obtain through testimony, or otherwise, and assess a contribution on the basis thereof, which contribution, plus penalties and interest which thereafter accrued (less any payments theretofore made) shall be paid within ten days after the commissioner has mailed to such employer a written notice of the amount thereof and demand for its payment. Any such contribution report or assessment made by the commissioner on account of the failure of the employer to make a report or corrected report shall be prima facie correct and valid, and the employer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect thereto. Whenever such delinquent employer shall file a report or corrected report, the commissioner may, on finding it substantially correct, substitute it for the commissioner's report.

(c) Any employer who fails to file the wage detail report required by section 268.121 shall pay to the department for the contingent account a penalty of one-half of one percent of total wages paid and wages due but not paid during the period for each month the report is delinquent. The penalty shall not be assessed if the wage detail report is properly made and filed within 30 days after a demand for the report is mailed to the employer's address of record. In no case shall the amount of the penalty, if assessed, be less than \$25. Penalties due under this subdivision may be waived where good cause for late filing is found by the commissioner.

(d) Any employer who files the wage detail report required by section 268.121, but knowingly fails to include any of the required information or knowingly enters erroneous information, shall be subject to a penalty of \$25 for each individual for whom the information is missing or erroneous.

(e) Any employing unit which fails to make and submit to the commissioner any report, other than a contribution report or wage detail report, as and when required by rule, shall be subject to a penalty in the sum of \$50 payable to the department for the contingent account.

(f) The penalties provided for in paragraphs (a), (c), (d), and (e) are in addition to interest and any other penalties imposed by sections 268.03 to 268.24 and shall be collected as provided by section 268.161.

Sec. 28. Minnesota Statutes 1986, section 268.16, is amended by adding a subdivision to read:

Subd. 2a. [COSTS.] Any employing unit which fails to make and submit reports or pay any contributions or reimbursement when due is liable to the department any recording fees, sheriff fees, or litigation costs incurred in obtaining the reports or collecting the amounts due.

If any check or money order, in payment of any amount due under sections 268.03 to 268.24, is not honored when presented for payment, the employing unit will be assessed a fee of \$20 which shall be in addition to any other fees required under sections 268.03 to 268.24. The fee shall be assessed regardless of the amount of the check or money order or the reason for nonpayment with the exception of processing errors made by a financial institution.

Costs due under this subdivision shall be paid to the department and credited to the administration fund.

Sec. 29. [REEMPLOYMENT BENEFIT STUDY.]

The commissioner of the department of jobs and training shall study the feasibility and public policy implication of providing partial weekly benefits to individuals that return to work prior to the time their benefit eligibility ceases. The commissioner shall report the results of the study along with any recommendations to each house of the legislature by January 1, 1988.

Sec. 30. [REPEALER.]

Minnesota Statutes 1986, sections 268.04, subdivisions 29 and 30; and 268.06, subdivision 24, are repealed.

Sec. 31. [EFFECTIVE DATE.]

Sections 1, 6, 7, 25, 26, 27, 28, and 29 are effective the day following final enactment. Sections 11, paragraph (d), 17, 19, 20, and

21 are effective July 1, 1987. The remaining sections are effective January 1, 1988.

ARTICLE 2

TRANSFER OF AUTHORITY TO OFFICE OF ADMINISTRATIVE HEARINGS

Section 1. [TRANSFER FROM DEPARTMENT OF JOBS AND TRAINING.]

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

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

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

Subd. 3. [COOPERATION.] Commencing with the passage and signing of this act, the commissioner, the commissioners of administration, finance, and employee relations, and the chief administra-

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

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

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

Sec. 2. Minnesota Statutes 1986, section 14.03, subdivision 2, is amended to read:

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

Sec. 3. Minnesota Statutes 1986, section 14.48, is amended to read:

14.48 [CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS; CHIEF ADMINISTRATIVE LAW JUDGE APPOINTED; OTHER ADMINISTRATIVE LAW JUDGES APPOINTED.]

A state office of administrative hearings is created. The office shall be under the direction of a chief administrative law judge who shall be learned in the law and appointed by the governor, with the

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

Sec. 4. Minnesota Statutes 1986, section 14.51, is amended to read:

14.51 [PROCEDURAL RULES FOR HEARINGS.]

The chief administrative law judge shall adopt rules to govern the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings, contested case hearings, and workers' compensation hearings and unemployment compensation hearings, and to govern the conduct of voluntary mediation sessions for rulemaking and contested cases other than those within the jurisdiction of the bureau of mediation services. Temporary Emergency rulemaking authority is granted to the chief administrative law judge for the purpose of implementing Laws 1981, chapter 346, sections 2 to 6, 103 to 122, 127 to 135, and 141 the adoption of procedural rules for unemployment compensation hearings. The procedural rules for hearings shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules for hearings shall include in addition to normal procedural matters provisions relating to recessing and reconvening new hearings when the proposed final rule of an agency is substantially different from that which was proposed at the public hearing. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief administrative law judge to determine whether or not a new hearing is required because of substantial changes or failure of the agency to meet the requirements of sections 14.13 to 14.18. Upon the chief administrative law

judge's own initiative or upon written request of an interested party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records or other documents as are material to the matter being heard. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 5. Minnesota Statutes 1986, section 14.53, is amended to read:

14.53 [COSTS ASSESSED.]

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

Sec. 6. Minnesota Statutes 1986, section 43A.18, subdivision 4, is amended to read:

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

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

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

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

Sec. 7. Minnesota Statutes 1986, section 179A.10, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS.] The commissioner of employee relations shall meet and negotiate with the exclusive representative

of each of the units specified in this section. The units provided in this section are the only appropriate units for executive branch state employees. The following employees shall be excluded from any appropriate unit:

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

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

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

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

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

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

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

(8) positions of all confidential employees.

The governor may upon the unanimous written request of exclusive representatives of units and the commissioner direct that negotiations be conducted for one or more units in a common proceeding or that supplemental negotiations be conducted for portions of a unit or units defined on the basis of appointing authority or geography.

Sec. 8. Minnesota Statutes 1986, section 268.06, subdivision 18, is amended to read:

Subd. 18. [NOTICE TO EMPLOYER.] The commissioner shall at least twice each year notify each employer of the benefits as determined by the department which have been charged to the employer's account subsequent to the last notice. Unless reviewed in the manner hereinafter provided, charges set forth in such notice, or as modified by a redetermination, a decision of a ~~referee~~ an unemployment insurance judge, or the commissioner, shall be final and shall be used in determining the contribution rates for all years in

which the charges occur within the employer's experience period and shall not be subject to collateral attack by way of review of a rate determination, application for adjustment or refund, or otherwise.

Sec. 9. Minnesota Statutes 1986, section 268.06, subdivision 19, is amended to read:

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

Sec. 10. Minnesota Statutes 1986, section 268.06, subdivision 20, is amended to read:

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

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

Sec. 11. Minnesota Statutes 1986, section 268.10, subdivision 2, is amended to read:

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

period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an appeal tribunal unemployment insurance judge decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an appeal unemployment insurance judge decision awarding benefits, any benefits paid under the award of such initial determination or appeal tribunal unemployment insurance judge decision shall be deemed erroneous payments.

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

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

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

(5) However, the commissioner may refer any disputed claims directly to a referee the office of administrative hearings for hearing

and determination in accordance with the procedure outlined in subdivision 3 and the effect and status of such determination in such a case shall be the same as though the matter had been determined upon an appeal to the ~~tribunal~~ unemployment insurance judge from an initial determination.

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

Sec. 12. Minnesota Statutes 1986, section 268.10, subdivision 3, is amended to read:

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

Sec. 13. Minnesota Statutes 1986, section 268.10, subdivision 4, is amended to read:

Subd. 4. [REFEREES' TRANSCRIPTS; REVIEW OF DECISIONS.] In order to assure the prompt disposition of all claims for benefits, the commissioner shall appoint one or more impartial referees. The commissioner shall by rule adopt a procedure by which referees hear and decide disputed claims, subject to appeal to the commissioner. No person shall participate on behalf of the commissioner in any case in which that person is an interested party. The commissioner may designate alternates to serve in the absence or disqualification of a referee. The department shall cause a transcript to be prepared of all cases heard by an unemployment insurance judge from which an appeal is made to the commissioner. There shall be no charges, fees, transcript costs, or other cost imposed upon the employee in prosecuting an appeal. All decisions of referees unemployment insurance judges shall be made available to the public in accordance with rules the commissioner may prescribe, except that names of interested parties may be deleted.

Sec. 14. Minnesota Statutes 1986, section 268.10, subdivision 5, is amended to read:

Subd. 5. [REVIEW BY COMMISSIONER.] Within 30 days after mailing or personal delivery of the notice of a referee's unemployment insurance judge's decision to the claimant or employer at the last known address, a party may file, with the commissioner, a notice of appeal from the decision and obtain a review of it by the commissioner or an authorized representative. The commissioner within the same period of time may on the commissioner's own motion order a review of a decision. Upon review, the commissioner or authorized representative may affirm, modify, or set aside any finding of fact or decision, or both, of the referee on the basis of the evidence previously submitted in the case, or remand the matter back to the referee for the taking of additional evidence and new findings and decision based on all of the evidence before the referee. The notice of appeal must set forth the issues raised on appeal. The notice of the decision of the unemployment compensation judge must explain how an appeal may be filed. On an appeal taken under this subdivision, the commissioner or authorized representative is limited to the issues raised by the parties in the notice of the appeal from the unemployment insurance judge's decision. The commissioner or authorized representative, on the basis of evidence previously submitted, may affirm the decision of the unemployment insurance judge, may remand the case for further proceedings, or may modify or reverse the decision if the unemployment insurance judge's decision is in error of law, violates the procedures of chapter 268, is unsupported by substantial evidence in view of the record as a whole when the issue in dispute involves a question of fact, or is arbitrary or capricious. Notice of all hearings on review shall be given to all interested parties in the same manner as provided for by subdivision 3. Upon the motion of a party, the commissioner or authorized representative may personally hear or transfer to another referee unemployment insurance judge the proceedings on any

claim pending before a referee an unemployment insurance judge. Any proceedings removed to the commissioner or authorized representative shall be heard upon notice in accordance with the requirements of subdivision 3. The department of jobs and training shall mail to all interested parties and the chief administrative law judge a notice of the filing of and a copy of the findings and decision of the commissioner or representative.

Sec. 15. Minnesota Statutes 1986, section 268.10, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER.] The manner in which disputed claims are presented, the reports required from the claimant and from employers, and the conduct of ~~hearings and~~ appeals shall be in accordance with the rules adopted by the commissioner ~~for determining the rights of the parties, whether or not the~~. Rules relating to the conduct of hearings before unemployment insurance judges shall be adopted by the chief administrative law judge. The rules of the commissioner and the chief administrative law judge need not conform to common law or statutory rules of evidence and other technical rules of procedure. A full and complete record shall be kept of all proceedings in connection with a disputed claim. All testimony at any hearing shall be recorded, but need not be transcribed unless the disputed claim is further appealed.

Sec. 16. Minnesota Statutes 1986, section 268.10, subdivision 9, is amended to read:

Subd. 9. [REPRESENTATION BY ATTORNEY.] In any proceeding under these sections before a referee an unemployment insurance judge or the commissioner, a party may be represented by an agent or attorney, but no individual claiming benefits shall be charged fees of any kind in a proceeding before a referee an unemployment insurance judge, the commissioner, commissioner's representatives, or by any court or any officers thereof. Any individual claiming benefits in any proceedings before the commissioner or representatives or a court may be represented by counsel or other duly authorized agent, except that said agent in any court proceedings under these sections, must be an attorney at law; but no counsel shall either charge or receive for the services more than an amount approved by the commissioner and no fees shall be collected from an individual claiming benefits by any agent unless the agent is an attorney at law.

Sec. 17. Minnesota Statutes 1986, section 268.12, subdivision 8, is amended to read:

Subd. 8. [RECORDS; REPORTS.] (1) Each employing unit shall keep true and accurate work records for such periods of time and containing such information as the commissioner may prescribe. Such records shall be open to inspection, audit, and verification, and

be subject to being copied by any authorized representative of the commissioner at any reasonable time and as often as may be necessary. The commissioner, ~~appeal referee~~ unemployment insurance judge, or any other duly authorized representative of the commissioner, may require from any employing unit any sworn or unsworn reports, with respect to persons employed by it, which the commissioner, ~~appeal referee~~ unemployment insurance judge, or any other duly authorized representative of the commissioner deems necessary for the effective administration of sections 268.03 to 268.24, provided that quarterly contribution and wage report forms shall include the employee's name, social security number, and total wages paid to the employee.

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

(3) Notwithstanding any inconsistent provisions elsewhere, the commissioner may provide for the destruction or disposition of any records, reports, transcripts, or reproductions thereof, or other papers in the commissioner's custody, which are more than two years old, the preservation of which is no longer necessary for the establishment of contribution liability or benefit rights or for any purpose necessary to the proper administration of sections 268.03 to 268.24, including any required audit thereof, provided, that the commissioner may provide for the destruction or disposition of any record, report, or transcript, or other paper in the commissioner's custody which has been photographed, duplicated, or reproduced in the manner provided in clause (2).

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

Sec. 18. Minnesota Statutes 1986, section 268.12, subdivision 9, is amended to read:

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

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

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

Sec. 19. Minnesota Statutes 1986, section 268.12, subdivision 10, is amended to read:

Subd. 10. [SELF-INCRIMINATION.] No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda, and other records before the commissioner, ~~the chair of an appeal tribunal, referee unemployment insurance judge~~, or any duly authorized representative of the commissioner, or in obedience to the subpoena of any of them in any cause or proceeding before the commissioner, ~~an appeal tribunal, referee unemployment insurance judge~~, or any duly authorized representative of the commissioner on the grounds that the testimony or evidence, documentary or otherwise, required may tend to be incriminating or subject the person to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or

forfeiture for or on account of any transaction, matter, or thing concerning which the person is compelled, after having claimed a privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

Sec. 20. Minnesota Statutes 1986, section 268.12, subdivision 13, is amended to read:

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

(2) ~~The commissioner shall designate one or more referees to conduct hearings on appeals. Upon receipt of an appeal under clause (1), the commissioner shall refer the matter to the office of administrative hearings for a hearing. The employing unit and any claimant whose filed claim for benefits may be affected by a determination issued under clause (1) shall be interested parties to an appeal. The referee unemployment insurance judge shall fix a time and place within this state for the hearing and give interested parties written notice of it, by mail, not less than ten days prior to the time of the hearing. In the discharge of the duties imposed by this subdivision, the referee unemployment insurance judge may administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed necessary as evidence in connection with the subject matter of the hearing. The written report of any employee of the department of jobs and training, made in the regular course of the performance of the employee's duties, shall be competent evidence of the facts contained in it and shall be prima facie correct, unless refuted by other credible evidence.~~

(3) ~~Upon the conclusion of the hearing, the referee unemployment insurance judge shall serve upon the interested parties by mail findings of fact and decision. The decision of the referee unemployment insurance judge, together with the findings of fact and reasons in support of them, is final unless an interested party, within 30 days after the mailing of a copy of it to the interested parties' last known addresses, files an appeal with the commissioner, and serves a copy of the appeal on the chief administrative law judge, or unless the commissioner, within 30 days after mailing of the decision, on the commissioner's own motion orders the matter certified to the com-~~

missioner for review. Appeal from and review by the commissioner of the decision of the referee unemployment insurance judge shall be in the manner provided by rule. The commissioner may without further hearing affirm, modify, or set aside the findings of fact or decision, or both, of the referee unemployment insurance judge on the basis of the evidence previously submitted in the case, or direct the taking of additional evidence. The commissioner may disregard the findings of fact of the referee unemployment insurance judge and examine the testimony taken and make any findings of fact as the evidence taken before the referee unemployment insurance judge may, in the judgment of the commissioner, require, and make any decision as the facts found by the commissioner require. The commissioner shall notify the employing unit and the chief administrative law judge of the commissioner's findings and decision by mail, mailed to the interested parties' last known addresses. The decision of the commissioner is final unless judicial review of it is sought as provided by this subdivision. Any interested party to a proceeding before the commissioner may obtain a transcript of the testimony taken before the referee unemployment insurance judge upon payment to the commissioner of the cost of the transcript at the rate of ten cents per 100 words.

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

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

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

Sec. 21. Minnesota Statutes 1986, section 268.18, subdivision 1, is amended to read:

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

Sec. 22. Minnesota Statutes 1986, section 268.18, subdivision 2, is amended to read:

Subd. 2. [FRAUD.] Any claimant who files a claim for or receives benefits by knowingly and willfully misrepresenting or misstating any material fact or by knowingly and willfully failing to disclose any material fact which would make the claimant ineligible for benefits under sections 268.03 to 268.24 is guilty of fraud. After the discovery of facts by the commissioner indicating fraud in claiming or obtaining benefits under sections 268.03 to 268.24, the commissioner is hereby authorized to make a determination that the claimant was ineligible for each week with reference to which

benefits were claimed or obtained by fraud for the amount as was in excess of what the claimant would have been entitled to had the claimant not made the fraudulent statements or failed to disclose any material facts. The commissioner also may disqualify an individual from benefits for one to 52 weeks in which the claimant is otherwise eligible for benefits following the week in which the fraud was determined. A disqualification imposed for fraud shall not be removed by subsequent insured work or the expiration of a benefit year but shall not apply to any week more than 104 weeks after the week in which the fraud was determined. The claimant shall promptly repay in cash to the department of jobs and training any benefits fraudulently obtained. Unless the claimant files a written appeal with the department of jobs and training within 15 days after the mailing of the notice of determination to the claimant's last known address or personal delivery of the notice, the determination shall become final. If the claimant appeals from the determination within the time above specified the matter shall be referred to a referee an unemployment insurance judge for a hearing as in other benefit cases and thereafter the procedure for review shall be the same as set forth in section 268.10. The commissioner is hereby authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined or the overpayment may be collected without interest by civil action in the name of the commissioner. If a claimant has been overpaid benefits under the law of another state and that state certifies to the department the facts involved and that the individual is liable to repay the benefits and requests the department to recover the overpayment, the commissioner is authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined by that state. A determination of fraud may be made at any time.

Sec. 23. [EFFECTIVE DATE.]

This article is effective October 1, 1987."

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Gutknecht amendment and the roll was called.

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

There were 62 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Kelso	Pauly	Sviggum
Bennett	Frederick	Kinkel	Poppenhagen	Swenson
Bertram	Frerichs	Knickerbocker	Quist	Thiede
Bishop	Gruenes	Marsh	Redalen	Tjornhom
Blatz	Gutknecht	McDonald	Richter	Tompkins
Boo	Hartle	McKasy	Rose	Tunheim
Burger	Haukoos	McPherson	Schafer	Uphus
Carlson, D.	Heap	Miller	Schoenfeld	Valento
Clausnitzer	Himle	Morrison	Schreiber	Waltman
Dauner	Hugoson	Olsen, S.	Seaberg	Winter
Dempsey	Jennings	Omann	Shaver	
Dille	Johnson, V.	Onnen	Stanius	
Dorn	Kalis	Ozment	Steensma	

Those who voted in the negative were:

Anderson, G.	Jensen	McLaughlin	Pappas	Simoneau
Battaglia	Johnson, A.	Milbert	Pelowski	Skoglund
Bauerly	Johnson, R.	Minne	Peterson	Solberg
Beard	Kahn	Munger	Price	Trimble
Begich	Kelly	Murphy	Quinn	Vanasek
Brown	Kludt	Nelson, C.	Reding	Vellenga
Carlson, L.	Knuth	Nelson, K.	Rest	Voss
Carruthers	Kostohryz	Neuenschwander	Rice	Wagenius
Clark	Krueger	O'Connor	Riveness	Welle
Cooper	Larsen	Ogren	Rodosovich	Wenzel
DeBlicek	Lasley	Olson, K.	Rukavina	Wynia
Greenfield	Lieder	Orenstein	Sarna	Spk. Norton
Jacobs	Long	Osthoff	Scheid	
Jefferson	McEachern	Otis	Segal	

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

H. F. No. 715, A bill for an act relating to unemployment compensation; regulating administration of unemployment compensation; providing for benefits and contribution rates; amending Minnesota Statutes 1986, sections 268.04, subdivisions 2, 4, 24, and by adding subdivisions; 268.06, subdivisions 2, 3a, 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.08, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.15, subdivision 3; 268.16, subdivision 2; repealing Minnesota Statutes 1986, section 268.04, subdivisions 29 and 30.

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 68 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	McEachern	Pelowski	Steensma
Anderson, R.	Jensen	McLaughlin	Peterson	Tunheim
Battaglia	Johnson, A.	Milbert	Price	Uphus
Bauerly	Johnson, R.	Minne	Quinn	Vanasek
Beard	Kahn	Munger	Reding	Vellenga
Begich	Kelly	Murphy	Rest	Voss
Brown	Kludt	Nelson, C.	Riveness	Wagenius
Carlson, D.	Knuth	Nelson, D.	Rodosovich	Welle
Carruthers	Kostohryz	Nelson, K.	Rukavina	Wenzel
Clark	Krueger	Neuenschwander	Sarna	Winter
Cooper	Larsen	Ogren	Segal	Wynia
DeBlieck	Lasley	Orenstein	Skoglund	Spk. Norton
Dorn	Lieder	Otis	Solberg	
Greenfield	Long	Pappas	Sparby	

Those who voted in the negative were:

Bennett	Frerichs	Marsh	Poppenhagen	Simoneau
Bertram	Gruenes	McDonald	Quist	Stanius
Bishop	Gutknecht	McKasy	Redalen	Sviggum
Blatz	Hartle	McPherson	Rice	Swenson
Boo	Haukoos	Miller	Richter	Thiede
Burger	Heap	Morrison	Rose	Tjornhom
Carlson, L.	Himle	O'Connor	Schafer	Tompkins
Clausnitzer	Hugoson	Omann	Scheid	Trimble
Dauner	Jennings	Onnen	Schoenfeld	Valento
Dempsey	Johnson, V.	Osthoff	Schreiber	Waltman
Forsythe	Kalis	Ozment	Seaberg	
Frederick	Kelso	Pauly	Shaver	

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

The Speaker called Simoneau to the Chair.

H. F. No. 14, A bill for an act relating to unemployment compensation; limiting benefit charges to fire departments and emergency transportation services; regulating the receipt of benefits; providing that wages for volunteer firefighter or ambulance services not be deducted for benefit calculation purposes; amending Minnesota Statutes 1986, sections 268.06, subdivision 5; and 268.07, subdivision 2.

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

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

Anderson, G., moved that those not voting be excused from voting. The motion prevailed.

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

CALL OF THE HOUSE LIFTED

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

S. F. No. 641 was reported to the House.

Murphy moved to amend S. F. No. 641, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 79.211, is amended by adding a subdivision to read:

Subd. 3. [PAYROLL COMPUTATIONS FOR CERTAIN PUBLIC EMPLOYEES.] The commissioner of commerce in setting the assigned risk plan rates or an insurer shall compute a premium for an elected or appointed official of a town based on the actual annual wage received from the town.”

Delete the title and insert:

"A bill for an act relating to workers' compensation; regulating insurance premium computations for certain public employees; amending Minnesota Statutes 1986, section 79.211, by adding a subdivision."

The motion prevailed and the amendment was adopted.

S. F. No. 641, A bill for an act relating to workers' compensation; excluding certain persons from coverage; regulating insurance premium computations for certain public employees; amending Minnesota Statutes 1986, sections 79.211, by adding a subdivision; and 176.041, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Poppenhagen

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

H. F. No. 1621, A bill for an act relating to unemployment compensation; appropriating federal money received for unemployment compensation administration.

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

The bill was passed and its title agreed to.

S. F. No. 1048 was reported to the House.

Onnen and Sviggum offered an amendment to S. F. No. 1048.

Clausnitzer requested a division of the amendment.

The first portion of the Onnen and Sviggum amendment to S. F. No. 1048, reads as follows:

Page 8, line 5, delete "repeated"

Page 8, line 8, delete "repeatedly"

A roll call was requested and properly seconded.

The question was taken on the first portion of the Onnen and Sviggum amendment to S. F. No. 1048 and the roll was called. There were 62 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Begich	Frerichs	McDonald	Poppenhagen	Sviggum
Bennett	Gruenes	McEachern	Quist	Swenson
Bertram	Gutknecht	McKasy	Redalen	Thiede
Blatz	Hartle	McPherson	Richter	Tjornhom
Boo	Haukoos	Milbert	Sarna	Tompkins
Brown	Heap	Miller	Schafer	Uphus
Burger	Himle	Morrison	Scheid	Valento
Carlson, D.	Hugoson	Olsen, S.	Schoenfeld	Waltman
Clausnitzer	Johnson, V.	Omann	Schreiber	Wenzel
Dempsey	Kalis	Onnen	Seaberg	Winter
Dille	Knickerbocker	Osthoff	Shaver	
Forsythe	Kostohryz	Ozment	Stanius	
Frederick	Marsh	Pauly	Steensma	

Those who voted in the negative were:

Anderson, G.	Jefferson	McLaughlin	Pappas	Solberg
Anderson, R.	Johnson, R.	Minne	Pelowski	Sparby
Battaglia	Kahn	Munger	Peterson	Trimble
Bauerly	Kelly	Murphy	Quinn	Tunheim
Beard	Kelso	Nelson, C.	Reding	Vanasek
Bishop	Kinkel	Nelson, D.	Rest	Vellenga
Carlson, L.	Kludt	Nelson, K.	Rice	Voss
Carruthers	Knuth	Neuenschwander	Riveness	Wagenius
Clark	Krueger	O'Connor	Rodosovich	Welle
Cooper	Larsen	Ogren	Rukavina	Wynia
Dauner	Lasley	Olson, K.	Segal	Spk. Norton
DeBlick	Lieder	Orenstein	Simoneau	
Greenfield	Long	Otis	Skoglund	

The motion did not prevail and the first portion of the Onnen and Sviggum amendment to S. F. No. 1048 was not adopted.

The second portion of the Onnen and Sviggum amendment to S. F. No. 1048, reads as follows:

Page 9, line 15, delete "VOLUNTARY" and insert "MANDATORY"

Page 9, line 19, delete "may" and insert "shall"

A roll call was requested and properly seconded.

The question was taken on the second portion of the Onnen and Sviggum amendment to S. F. No. 1048 and the roll was called. There were 64 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Burger	Haukoos	Krueger	Miller
Bauerly	Carlson, D.	Heap	Marsh	Morrison
Beard	Clausnitzer	Hugoson	McDonald	Neuenschwander
Bennett	Dauner	Jacobs	McEachern	O'Connor
Bertram	Dempsey	Johnson, V.	McKasy	Olsen, S.
Blatz	Frederick	Kinkel	McPherson	Omann
Boo	Gutknecht	Knickerbocker	Milbert	Onnen

Osthoff	Quist	Scheid	Steensma	Uphus
Ozment	Redalen	Schreiber	Sviggum	Valento
Pauly	Richter	Seaberg	Swenson	Waltman
Pelowski	Rose	Shaver	Thiede	Wenzel
Poppenhagen	Sarna	Sparby	Tjornhom	Winter
Quinn	Schafer	Stanius	Tompkins	

Those who voted in the negative were:

Anderson, G.	Gruenes	Kostohryz	Orenstein	Solberg
Battaglia	Hartle	Larsen	Otis	Trimble
Begich	Himle	Lasley	Pappas	Tunheim
Bishop	Jefferson	Lieder	Peterson	Vanasek
Brown	Jennings	Long	Reding	Vellenga
Carlson, L.	Jensen	McLaughlin	Rest	Voss
Carruthers	Johnson, A.	Minne	Rice	Wagenius
Clark	Johnson, R.	Munger	Riveness	Welle
Cooper	Kahn	Murphy	Rodosovich	Wynia
DeBlicke	Kalis	Nelson, C.	Rukavina	Spk. Norton
Dorn	Kelly	Nelson, D.	Schoenfeld	
Forsythe	Kelso	Nelson, K.	Segal	
Frerichs	Kludt	Ogren	Simoneau	
Greenfield	Knuth	Olson, K.	Skoglund	

The motion did not prevail and the second portion of the Onnen and Sviggum amendment to S. F. No. 1048 was not adopted.

S. F. No. 1048, A bill for an act relating to health; making nutrition data reporting discretionary rather than mandatory; governing the hazardous substance injury compensation board; restructuring the commissioner's authority to control activities of carriers of communicable diseases; regulating licensure and inspections of hospitals, nursing homes, life support transportation systems, and eating places; clarifying powers of the office of health facility complaints; changing certain duties of the interagency board for quality assurance; providing penalties; amending Minnesota Statutes 1986, sections 115B.28, subdivision 4; 144.0722; 144.092; 144.50, subdivisions 1 and 2; 144.653, subdivision 3; 144.802, subdivisions 3 and 4; 144A.10, subdivisions 1 and 2; 144A.16; 144A.31; 144A.53, subdivision 1; 145.881, subdivision 1; 145.882, subdivision 4; 157.01; 157.02; 157.04; 157.09; and 157.14; proposing coding for new law in Minnesota Statutes, chapters 144 and 144A; repealing Minnesota Statutes 1986, sections 144.422; 144.424; 144.425; 144.471; 144.49, subdivision 5; 144.692; 144.801, subdivision 8; and 144.94.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

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

REPORTS OF STANDING COMMITTEES

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

H. F. No. 629, A bill for an act relating to public safety; parking for handicapped persons; imposing a fine for violations of handicapped parking provisions; providing penalties; amending Minnesota Statutes 1986, section 168.021, subdivisions 1, 1a, 2, 3, 5, and 6; 169.345; and 169.346; repealing Minnesota Statutes 1986, section 168.021, subdivision 7.

Reported the same back with the following amendments:

Page 5, lines 34 and 36, delete "five" and insert "six"

Page 8, line 18, strike "\$100" and insert "\$50"

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. 777, 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.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 41A.09, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS FROM FUND.] The commissioner of revenue shall make cash payments from the development fund to producers of ethanol or agricultural grade alcohol, for use as a motor fuel, located in the state. The amount of the payment for each producer's annual production shall be as follows:

(a) For each gallon of ethanol produced:

(1) For the period beginning July 1, 1986 and ending June 30, 1987, 15 cents per gallon;

(2) For the period beginning July 1, 1987 and ending June 30, ~~1992~~ 2000, 20 cents per gallon.

(b) For each gallon produced of agricultural grade alcohol of a purity of at least 50 percent but not more than 90 percent and designed to be used in conjunction with diesel fuel in an engine's internal combustion process, for the period beginning July 1, 1987 and ending June 30, ~~1992~~ 2000, 11 cents per gallon.

The total payments from the fund to all producers may not exceed \$200,000 during the period beginning July 1, 1986 and ending June 30, 1987, and may not exceed \$10,000,000 in any fiscal year during the period beginning July 1, 1987 and ending June 30, ~~1992~~ 2000. Total payments to any producer from the fund in any fiscal year may not exceed \$3,000,000.

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

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

Sec. 2. Minnesota Statutes 1986, section 41A.09, subdivision 5, is amended to read:

Subd. 5. [EXPIRATION.] This section expires July 1, ~~1992~~ 2000, and all money in the fund on that date reverts to the general fund.

Sec. 3. Minnesota Statutes 1986, section 325E.09, subdivision 4, is amended to read:

Subd. 4. Any signs or devices stating or relating to the minimum octane rating or to the retail price of motor fuel or designed and calculated to cause the public to believe that they state or relate to the minimum octane rating or the retail price of motor fuel posted or displayed on or about premises where motor fuel is sold at retail or on property adjacent thereto and within view of any public highway, road, or street shall clearly and legibly state in figures the minimum octane rating and in figures and fractions of uniform size and prominence the total price per gallon, including the per gallon amount of all tax to be collected in connection with the sale. No signs or devices stating or relating to the absence of ethanol, methanol, or other alcohol fuels in motor fuel may be posted or displayed on or about premises where motor fuel is sold at retail or on property adjacent thereto and within view of any public highway, road, or street to cause the public to believe that the person sells at retail gasoline that does not contain ethanol. Nothing contained in this section shall be deemed to prohibit any separate signs or decals posted or displayed on or about premises where motor fuel is sold at retail relating to premiums, trading stamps or other promotional devices, or the per gallon amount of tax imposed upon the sale of motor fuel, provided any sign pertaining to price of merchandise other than motor fuel clearly and legibly states in letters of the same size as the figures and fractions stating such price the name or designation of such merchandise.

Sec. 4. [APPROPRIATION.]

Notwithstanding section 41A.09, subdivision 1, \$..... is appropriated for the fiscal year ending June 30, 1988, and \$..... is appropriated for the fiscal year ending June 30, 1989, from the ethanol development fund established under section 41A.09 to the commissioner of agriculture for the purpose of promoting ethanol. The amount of the appropriation must be matched by a producer check-off of one-half cent per bushel of corn."

Delete the title and insert:

"A bill for an act relating to motor fuels; trade practices; extending the expiration of the ethanol development fund to the year 2000;

prohibiting "no ethanol" signs; appropriating money for promoting ethanol; amending Minnesota Statutes 1986, sections 41A.09, subdivisions 3 and 5; and 325E.09, subdivision 4."

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

The report was adopted.

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

H. F. No. 939, A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing for peer review of services and fees; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10, subdivisions 1, 3, and by adding a subdivision; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1986, section 148.101.

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

The report was adopted.

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

H. F. No. 1002, A bill for an act relating to utilities; establishing program to provide communication-impaired people with devices enabling their use of telephones; creating advisory committee and requiring report; providing for payment of costs of program; proposing coding for new law in Minnesota Statutes, chapter 237.

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

The report was adopted.

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

H. F. No. 1499, A bill for an act relating to health; requiring transfers from the special revenue account to the public health fund;

appropriating money; amending Minnesota Statutes 1986, section 214.06, subdivision 1.

Reported the same back with the following amendments:

Page 2, after line 5, insert:

“Sec. 2. [FEASIBILITY STUDY.]

The director of the state planning agency in cooperation with the commissioner of health may study the feasibility of a Minnesota institute for health research. Among the factors to be considered in this study are: clinical and community resources now existing in the state, methodology for the development of a health research institute, and components toward which an institute would direct its resources. The director of the state planning agency is authorized to accept and expend nonstate funds for this purpose and shall report to the legislature by January 1, 1989, on any study undertaken.”

Page 3, line 13, delete “\$.....” and insert “\$25,000”

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

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. 1645, A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [VETERANS BONUS CLAIMS; APPROPRIATIONS; GENERAL FUND.]

Subdivision 1. [GENERALLY.] The sums set forth in this section are appropriated from the general fund to the persons named in subdivisions 2, 3, and 4 in full and final payment of claims against the state for adjusted compensation arising from World War II, the Korean conflict, and Vietnam service.

Subd. 2. [WORLD WAR II.] Robert E. Amundson, 320 Northwest 4th Avenue, Faribault, Minnesota 55021\$245.

Subd. 3. [KOREAN CONFLICT.] Robert E. Amundson, 320 Northwest 4th Avenue, Faribault, Minnesota 55021.....\$180.

Frank H. Bellanger, Box 367, Cass Lake, Minnesota 56633.....\$97.50.

David Hoff, Route 2, Box 140, Cohasset, Minnesota 55721.....\$90.

Walter R. Kaisler, Route 3, Cambridge, Minnesota 55008.....\$45.

Calvin E. Peterson, Box 9, Tri-Court Motel, East Highway 12, Willmar, Minnesota 56201.....\$195.

Richard E. Swan, 714 8th Street South, Moorhead, Minnesota 56560.....\$97.50.

Floyd E. Thorpe, 500 Home Street, Apartment 25B, Fairmont, Minnesota 56031.....\$105.

Louis C. Welter, 1681 Euclid, St. Paul, Minnesota 55106.....\$165.

Subd. 4. [VIETNAM SERVICE.] Robert E. Becker, 314 North Van Buren Street, Springfield, Minnesota 56087.....\$600.

Toshi K. Behrendt (beneficiary), Route 78, Box 198, 606 3rd Street, Pine River, Minnesota 56474.....\$300.

Steven P. Brandt, 718 Oakdale Avenue, St. Paul, Minnesota 55107.....\$105.

Raymond D. Campbell, Jr., 15679 220th Street North, Scandia, Minnesota 55073.....\$100.

Bruce E. Cook, Rural Route 1, Box 127A, Mountain Iron, Minnesota 55768.....\$500.

William E. Dwyer, 768 East Orange Avenue, St. Paul, Minnesota 55106.....\$300.

Lonny L. Gohde, Route 1, Box 267, Sarona, Wisconsin 54870.....\$585.

Joseph L. Goulet, 3119 4th Street North, Apartment 1, Minneapolis, Minnesota 55411.....\$300.

John E. Hanson, 3004 3rd Avenue Southwest, Grand Rapids, Minnesota 55744.....\$300.

Dennis H. Huot, 3402 Cedar Avenue South, Minneapolis, Minnesota 55407.....\$300.

Steven G. Johnson, Route 2, Box 157, St. Charles, Minnesota 55972.....\$255.

Jack E. Keefer, Jr., 20 North 3rd Street, Long Prairie, Minnesota 56347.....\$210.

Robert D. Keto, 12900 Pilgrim Lane, Champlin, Minnesota 55316.....\$100.

Reuben D. Kort, 918 Lindburg Drive, Little Falls, Minnesota 56345.....\$600.

William F. Loll, P. O. Box 1052, Eyota, Minnesota 55934.....\$150.

Gerald E. May, 1311 South Arago, Peoria, Illinois 61605.....\$600.

Margaret A. McLain, 2610 Woodland Avenue, Duluth, Minnesota 55803.....\$300.

Steven S. Nowlan, 5730 Camden Avenue North, Brooklyn Center, Minnesota 55430.....\$300.

Joseph C. Olson, 534 Forest Street, St. Paul, Minnesota 55106.....\$600.

Steven R. Olson, 4224 Winnetka Avenue North, Apartment 206, New Hope, Minnesota 55428.....\$100.

Dennis W. Pooler, 516 Walnut Street, Petaluma, California 94952.....\$300.

Garrett I. Raasch, Grove City, Minnesota 56243.....\$600.

Michael D. St. Dennis, 2958 Queen Avenue North, Minneapolis, Minnesota 55411.....\$120.

Arlen G. Simi, 2268 26th Avenue South, St. Cloud, Minnesota 56301.....\$300.

Phyllis J. Strader (beneficiary), Rural Route 1, Wheaton, Minnesota 56296.....\$1,000.

Gary B. Stranberg, 13201 Pierce Street Northeast, Blaine, Minnesota 55434.....\$465.

Wayne L. Svare, 327 8th Avenue South, St. Cloud, Minnesota 56301.....\$300.

David H. Swaggert, 6515 Corvallis Avenue North, Minneapolis, Minnesota 55428.....\$600.

Michael L. Thesenvitz, 2068 Temple Court, St. Paul, Minnesota 55104.....\$600.

Sec. 2. [CLAIMS OF DEPARTMENT OF CORRECTIONS.]

There is appropriated from the general fund to the department of corrections \$269.16 for calendar year 1985 and \$357.66 for calendar year 1986 to reimburse the department for money expended for medical expenses incurred by individuals under the jurisdiction of the department who were injured while performing community service work in instances where insurance coverage did not apply.

Sec. 3. [TRUNK HIGHWAY FUND CLAIMS.]

Subdivision 1. The sum set forth in this section is appropriated from the trunk highway fund to the commissioner of transportation for payment to the person named in this section in full and final payment of claims against the state. This appropriation is available until June 30, 1988.

Subd. 2. Lillian J. Rehak, 222 Duke Street, St. Paul, Minnesota 55102, for well damage in 1985 resulting from highway construction on the route of Interstate 35E.....\$13,000.00."

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:

S. F. No. 131, A bill for an act relating to transportation; authorizing commissioner of transportation and local road authorities to reduce speed limits in work zones; amending Minnesota Statutes 1986, section 169.14, by adding a subdivision.

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

The report was adopted.

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

S. F. No. 1272, A bill for an act relating to public meetings; requiring certain notice for all meetings; amending Minnesota Statutes 1986, section 471.705, by adding a subdivision.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 629, 939, 1002, 1499 and 1645 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 131 and 1272 were read for the second time.

SPECIAL ORDERS, Continued

H. F. No. 236 was reported to the House.

Scheid moved to amend H. F. No. 236, the first engrossment, as follows:

Page 10, delete lines 2 to 26 and insert:

“Sec. 3. [211B.03] [CAMPAIGN LITERATURE MUST INCLUDE DISCLAIMER.]

(a) A person who participates in the preparation, dissemination, or broadcast of campaign material other than as provided in section 5, subdivision 1, that does not prominently include the name and address of the person or committee causing the material to be prepared, disseminated, or broadcast in a disclaimer substantially in the form provided in paragraph (b) is guilty of a misdemeanor.

(b) The required form of disclaimer is:

“Prepared and paid for by the committee,

.....(address).

(c) Campaign material which is not circulated on behalf of a particular candidate or ballot question must also include in the disclaimer either that it is "in opposition to(insert name of candidate or ballot question....)"; or that "this publication is not circulated on any candidate's or ballot question's behalf."

(d) This section does not apply to objects stating only the candidate's name and the office sought, fundraising tickets, or personal letters which are clearly being sent by the candidate.

(e) This section does not modify or repeal section 4."

Page 11, line 7, after the first "a" insert "newspaper publisher or"

Page 11, line 10, before the comma insert "or letters to the editor"

The motion prevailed and the amendment was adopted.

Scheid moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 20, after line 27, insert:

"Sec. 21. [APPLICABILITY.]

Nothing in sections 17 and 18 shall be construed to limit the ability of each house of the legislature to act as judge of the election returns and eligibility of its own members."

The motion prevailed and the amendment was adopted.

Dempsey moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 11, lines 6 and 7, delete ", and who does not know the printed matter is false"

Page 11, line 10, delete ", and who does not know the information is false"

The motion prevailed and the amendment was adopted.

Swiggum and Jensen moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 1, line 15, delete the new language and insert "Article 3 applies".

Page 1, line 15, strike "apply"

Page 1, line 22, after the period insert "Chapter 211A does not apply to elections for school board membership."

Page 3, line 10, delete "school"

Page 3, line 11, delete "district."

A roll call was requested and properly seconded.

The question was taken on the Sviggum and Jensen amendment and the roll was called. There were 61 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Lieder	Poppenhagen	Swenson
Anderson, R.	Gruenes	McDonald	Quist	Thiede
Bauerly	Hartle	McEachern	Redalen	Tjornhom
Bennett	Haukoos	McKasy	Reding	Tunheim
Bertram	Heap	McPherson	Rice	Uphus
Boo	Hugoson	Miller	Richter	Valento
Carlson, D.	Jennings	Neuenschwander	Schafer	Waltman
Cooper	Jensen	Olson, K.	Schoenfeld	Wenzel
Dauner	Johnson, R.	Omann	Seaberg	Winter
DeBlicke	Johnson, V.	Onnen	Sparby	
Dempsey	Kalis	Ozment	Stanius	
Dille	Kelso	Pelowski	Steensma	
Forsythe	Kludt	Peterson	Sviggum	

Those who voted in the negative were:

Battaglia	Himle	Long	Osthoff	Simoneau
Beard	Jacobs	Marsh	Otis	Skoglund
Begich	Jefferson	McLaughlin	Pappas	Solberg
Bishop	Johnson, A.	Milbert	Pauly	Trimble
Blatz	Kahn	Minne	Quinn	Vanasek
Brown	Kelly	Munger	Rest	Vellenga
Burger	Kinkel	Murphy	Riveness	Voss
Carlson, L.	Knickerbocker	Nelson, C.	Rukavina	Wagenius
Carruthers	Knuth	Nelson, D.	Sarna	Welle
Clark	Kostohryz	Nelson, K.	Scheid	Wynia
Clausnitzer	Krueger	O'Connor	Schreiber	Spk. Norton
Greenfield	Larsen	Ogren	Segal	
Gutknecht	Lasley	Olsen, S.	Shaver	

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

Sviggum and Jensen moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 8, after line 34, insert:

"Sec. 13. [EFFECTIVE DATE.]

The provisions of this article shall not be applicable to school district elections held prior to January 1, 1988."

The motion prevailed and the amendment was adopted.

Clausnitzer moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 20, line 21, delete "candidates or workers" and insert "actress/models"

Page 20, line 22, delete "a reasonable number of persons or"

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

Neuenschwander and Jennings moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 9, line 34, before the period insert "except candidates in partisan elections may state their political party affiliation, either in total or abbreviated, in any paid advertisement, whether or not endorsed by that political party or any other political unit of that political party"

A roll call was requested and properly seconded.

The question was taken on the Neuenschwander and Jennings amendment and the roll was called. There were 66 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Krueger	Pauly	Solberg
Anderson, R.	Frerichs	Marsh	Pelowski	Stanjus
Bauerly	Gruenes	McDonald	Poppenhagen	Steensma
Bennett	Gutknecht	McKasy	Quist	Sviggum
Bertram	Hartle	McPherson	Redalen	Swenson
Bishop	Haukoos	Miller	Richter	Thiede
Blatz	Himle	Morrison	Riveness	Tjornhom
Boo	Hugoson	Neuenschwander	Rose	Tompkins
Carlson, D.	Jennings	Olson, K.	Schafer	Tunheim
Clausnitzer	Jensen	Omman	Seaberg	Uphus
Dauner	Johnson, V.	Onnen	Shaver	Valento
Dempsey	Kinkel	Ozment	Simoneau	Waltman
Forsythe	Kludt	Pappas	Skoglund	Wenzel
				Winter

Those who voted in the negative were:

Battaglia	Burger	Clark	Greenfield	Jefferson
Beard	Carlson, L.	Cooper	Heap	Johnson, A.
Begich	Carruthers	DeBlicke	Jacobs	Johnson, R.

Kahn	Lieder	Nelson, K.	Quinn	Segal
Kalis	Long	O'Connor	Reding	Sparby
Kelly	McBachern	Ogren	Rest	Trimble
Kelso	McLaughlin	Olsen, S.	Rice	Vanasek
Knickerbocker	Milbert	Olsen, E.	Rodosovich	Vellenga
Knuth	Minne	Orenstein	Rukavina	Voss
Kostohryz	Munger	Osthoff	Sarna	Wagenius
Larsen	Murphy	Otis	Scheid	Wynia
Lasley	Nelson, C.	Peterson	Schreiber	

The motion prevailed and the amendment was adopted.

Jensen and Gutknecht moved to amend H. F. No. 236, the first engrossment, as amended, as follows:

Page 4, line 7, delete "\$500" and insert "\$1,000"

The motion prevailed and the amendment was adopted.

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

H. F. No. 236, as amended, was read for the third time.

MOTION FOR RECONSIDERATION

Tompkins moved that the action whereby H. F. No. 236, as amended, was read for the third time be now reconsidered. The motion did not prevail.

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.

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 103 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Dempsey	Himle	Kelso
Battaglia	Burger	Dille	Hugoson	Kinkel
Bauerly	Carlson, D.	Frederick	Jacobs	Kludt
Begich	Carlson, L.	Frerichs	Jennings	Knickerbocker
Bennett	Clark	Greenfield	Jensen	Knuth
Bertram	Clausnitzer	Gutknecht	Johnson, A.	Kostohryz
Bishop	Cooper	Hartle	Johnson, R.	Krueger
Blatz	Dauner	Haukoos	Johnson, V.	Larsen
Boo	DeBlieck	Heap	Kalis	Lieder

Long	Olsen, S.	Rest	Skoglund	Vanasek
Marsh	Olson, E.	Riveness	Solberg	Vellenga
McEachern	Olson, K.	Rose	Sparby	Voss
McKasy	Orenstein	Rukavina	Stanius	Wagenius
McLaughlin	Otis	Sarna	Steensma	Waltman
Miller	Ozment	Scheid	Svigum	Welle
Minne	Pappas	Schoenfeld	Swenson	Wenzel
Nelson, C.	Pauly	Schreiber	Tjornhom	Winter
Nelson, D.	Pelowski	Seaberg	Trimble	Wynia
Neuenschwander	Peterson	Segal	Tunheim	Spk. Norton
O'Connor	Price	Shaver	Uphus	
Ogren	Reding	Simoneau	Valento	

Those who voted in the negative were:

Anderson, R.	Jefferson	Milbert	Poppenhagen	Rodosovich
Beard	Kelly	Munger	Quinn	Schafer
Carruthers	Lasley	Murphy	Quist	Thiede
Forsythe	McDonald	Omann	Redalen	Tompkins
Gruenes	McPherson	Onnen	Richter	

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

The Speaker resumed the Chair.

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

REPORTS OF STANDING COMMITTEES

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

S. F. No. 1, A bill for an act relating to economic development; rural development; renaming and providing powers to the agricultural resource loan guaranty board; establishing a mineral resources program; establishing duties for the community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the Minnesota public finance authority; changing the membership of the Minnesota job skills partnership board; establishing the rural development board; establishing the challenge grant program; establishing the customized training program; establishing the greater Minnesota corporation; establishing the state supplemental education grant program; establishing the Minnesota public finance authority; providing a program for revitalization of the cities of St. Paul and Minneapolis; creating a program for funding economic development projects in the taconite tax relief area; permitting investment of earnings of the northeast Minnesota economic protection trust in venture capital enterprises; appropriating money; amending Minnesota Statutes 1986, sections 15.039, by adding a subdivision; 16A.80, subdivision 2a; 41A.01;

41A.02, subdivisions 3, 4, 6, 11, and by adding subdivisions; 41A.05, subdivisions 1 and 2; 41A.08; 116.16, subdivisions 2, 4, 5, 9, and by adding subdivisions; 116.18, subdivisions 2a and 3a; 116J.36, subdivisions 2, 3b, 3c, 8, 8a, and 11; 116J.37, subdivision 1, and by adding a subdivision; 116J.955, subdivisions 1 and 2; 116L.03, subdivision 2; 281.17; 298.292; 298.296, subdivision 2; 462.384, subdivision 7; 462.385, subdivisions 1 and 3; 462.386, subdivision 1; 462.387, subdivisions 1, 3 and 4; 462.39, subdivisions 2 and 3; 462.391, subdivisions 2, 3 and 4; 462.395; 462.396, subdivision 1; 462.398; and 462.445, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 41A; 93; 116J; 116L; and 136A; proposing coding for new law as Minnesota Statutes, chapters 116N; 116P; and 446A; repealing Minnesota Statutes 1986, sections 116.167; 116J.951; 116J.961; 116J.965; 116M.01; 116M.02; 116M.03; 116M.04; 116M.05; 116M.06; 116M.07; 116M.08; 116M.09; 116M.10; 116M.11; 116M.12; 116M.13; 472.11, subdivisions 3, 5, 6, 7, 8, and 9; 472.12, subdivisions 2, 3, and 4; 472.125; 472.13, subdivisions 2, 3, and 4; and Laws 1969, chapters 833 and 984.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“ARTICLE 1

AGRICULTURAL DEVELOPMENT BOARD

Section 1. Minnesota Statutes 1986, section 41A.01, is amended to read:

41A.01 [PURPOSE.]

Sections 41A.01 to 41A.06 ~~41A.08~~ provide a framework for an agricultural ~~resource loan guaranty~~ development program, the purposes of which are to further the development of the state's agricultural resources and rural areas, improve the market for its agricultural products, further the promotion, attraction, encouragement, retention, and development of economically sound industry and commerce in rural areas, and promote economic development within the state. All credit advanced pursuant to loan guaranty commitments is to be secured by subrogation of the state to mortgage security and other security interests granted to the private lender, in proportion to the amount advanced by the state. A ~~loan guaranty~~ board is established to investigate the feasibility of each project, its conformity to public policy and to environmental standards, the qualifications of the owners, operators, and lenders, and the nature and extent of the security, prior to commitment. The board shall also seek to secure financial participation by private

persons not supported by the guaranty, to assure that in these respects each project satisfies and will continue to satisfy criteria which are adequate in the judgment of the board.

Sec. 2. Minnesota Statutes 1986, section 41A.02, subdivision 3, is amended to read:

Subd. 3. [AGRICULTURAL RESOURCE LOAN GUARANTY DEVELOPMENT BOARD; BOARD.] "Agricultural resource loan guaranty development board" or "board" means the commissioner of finance as chair, the commissioner of agriculture, the commissioner of commerce, the commissioner of energy trade and economic development, and the director of the pollution control agency, the president of the Greater Minnesota Corporation and a member appointed by the Greater Minnesota Corporation board.

Sec. 3. Minnesota Statutes 1986, section 41A.02, subdivision 4, is amended to read:

Subd. 4. [AGRICULTURAL RESOURCE LOAN GUARANTY DEVELOPMENT FUND; GUARANTY FUND.] "Agricultural resource loan guaranty development fund" or "guaranty fund" means the fund created by section 41A.05.

Sec. 4. Minnesota Statutes 1986, section 41A.02, subdivision 5, is amended to read:

Subd. 5. [AGRICULTURAL RESOURCE LOAN GUARANTY DEVELOPMENT PROGRAM; PROGRAM.] "Agricultural resource loan guaranty development program" or "program" includes all projects, loan guaranties and bonds approved or issued pursuant to this chapter.

Sec. 5. Minnesota Statutes 1986, section 41A.02, subdivision 6, is amended to read:

Subd. 6. [AGRICULTURAL RESOURCE PROJECT; PROJECT.] "Agricultural resource project" or "project" means (1) any facility, or portion of a facility, located in the state which is operated or to be operated primarily for the production from agricultural resources of marketable products; (2) buildings, equipment, and land used for the commercial production of agricultural resources; (3) a facility or portion of a facility used to commercially produce fish or fish products from commercially-produced fish; or (4) real or personal property used or useful in connection with a revenue-producing enterprise, or a combination of two or more revenue-producing enterprises engaged in a business whether or not for profit, if the properties are not located within a city of the first class.

The land in clause (2) is limited to land on which the buildings and equipment are located and immediately surrounding land used for storage, waste disposal, and other functions directly related to the commercial production of agricultural resources at a facility. The land in clause (2) does not include land used for the growing or raising of crops or the grazing of livestock other than poultry.

A project includes a facility or portion of a facility for mixing or producing substances to be mixed with other substances for use as a fuel or as a substitute for petroleum or petrochemical feedstocks.

Sec. 6. Minnesota Statutes 1986, section 41A.02, subdivision 11, is amended to read:

Subd. 11. [LENDER.] "Lender" means any a corporation or an investment or commercial banking institution, savings and loan institution, insurance company, investment company, or other financial institution or institutional investor making, purchasing, or participating in a loan or any part of a loan or a public entity authorized to make agricultural loans.

Sec. 7. [41A.021] [SUCCESSOR STATUS.]

The board is the legal successor in all respects of the agricultural resource loan guaranty board created by Laws 1984, chapter 502, article 10, and all bonds, resolutions, contracts, and liabilities of the agricultural resource loan guaranty board are the bonds, resolutions, contracts, and liabilities of the board as renamed and reconstituted by section 41A.02, subdivision 3.

Sec. 8. [41A.022] [POWERS.]

In addition to the other powers granted by this chapter, the board may:

- (1) sue and be sued;
- (2) acquire, hold, lease, and transfer any interest in real and personal property for its corporate purposes;
- (3) sell at public or private sale a note, mortgage, or other instrument or obligation evidencing a loan;
- (4) obtain insurance against any loss in connection with its property in the amounts and from the insurers the board determines to be necessary or desirable;
- (5) obtain municipal bond insurance, letters of credit, surety obligations, or other similar agreements from financial institutions;

(6) enter into other agreements or transactions, without regard to chapter 16B, the board considers necessary or appropriate to carry out the purposes of this chapter with any federal or state agencies, political subdivisions of the state, and other persons, firms, or corporations;

(7) establish and collect fees without regard to chapter 14 or section 16A.128;

(8) accept appropriations, gifts, grants, and bequests;

(9) use money received from any source for any legal purpose or program of the board; and

(10) participate in loans for agricultural resource projects in accordance with section 9.

Sec. 9. [41A.035] [LOAN PARTICIPATION.]

The board may participate in loans made to finance agricultural resource projects by purchasing from a lender up to 75 percent of the amount of an eligible loan. If the loan participated in is \$500,000 or less, the loan may be for 80 percent of the cost of the project. If the loan participated in exceeds \$500,000, the loan may not exceed 80 percent of the cost of the project. The lender shall service the loan or cause it to be serviced in a manner that equally protects the lender's and the board's interests.

Sec. 10. Minnesota Statutes 1986, section 41A.04, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] (a) Any applicant may file a written application with the state commissioner of energy and economic development on behalf of the board, to be considered by the agricultural resource loan guaranty board, for a guaranty by the state of a portion of a loan or for issuance of bonds for an agricultural resource project. In general, the application must provide information similar to that required by an investment banking or other financial institution considering such a project for debt financing. Specifically, each application must include in brief but precise form the following information, as supplied by the applicant, the borrower, or the lender:

(1) a description of the scope, nature, extent, and location of the proposed project, including the identity of the borrower and a preliminary or conceptual design of the project;

(2) a description of the technology to be used in the project and the prior construction and operating experience of the borrower with such projects;

(3) a detailed estimate of the items comprising the total cost of the project, including escalation and contingencies, with explanation of the assumptions underlying the estimate;

(4) a general description of the financial plan for the project, including the mortgage and security interests to be granted for the security of the guaranteed loan or the bonds, and all sources of equity, grants, or contributions or of borrowing the repayment of which is not to be secured by the mortgage and security interests, or, if so secured, is expressly subordinated to the guaranteed loan;

(5) an environmental report analyzing potential environmental effects of the project, any necessary or proposed mitigation measures, and other relevant data available to the applicant to enable the board to make an environmental assessment;

(6) a list of applications to be filed and estimated dates of approvals of permits required by federal, state, and local government agencies as conditions for construction and commencement of operation of the project;

(7) an estimated construction schedule;

(8) an analysis of the estimated cost of production of and market for the product, including economic factors justifying the analysis and proposed and actual marketing contracts, letters of intent, and contracts for the supply of feedstock;

(9) a description of the management experience of the borrower in organizing and undertaking similar projects;

(10) pro forma cash flow statements for the first five years of project operation including income statements and balance sheets;

(11) a description of the borrower's organization and, where applicable, a copy of its articles of incorporation or partnership agreement and bylaws;

(12) the estimated amount of the loan or bonds and percentage of the guaranty requested, the proposed repayment schedule, and other terms and conditions and security provisions of the loan;

(13) an estimate of the amounts and times of receipt of guaranty fees, sales and use taxes, property tax increments, and any other governmental charges which may be available for the support of the state guaranty agricultural development fund as a result of the construction of the project, with an analysis of the assumptions on which the estimate is based;

(14) a copy of any lending commitment issued by a lender to the borrower;

(15) a statement from the lender, if identified, as to its general experience in financing and servicing debt incurred for projects of the size and general type of the project, and its proposed servicing and monitoring plan; and

(16) additional information required by the board.

(b) The applicant shall pay upon filing of the application a fee equal to .25 percent of the amount of the loan guaranty or bond requested. The fee shall be paid to the commissioner of finance and deposited in the general fund. If the board determines not to issue a commitment for the project, the fee shall be refunded to the applicant, less the board's cost of processing, reviewing, and evaluating the application. If the board issues a commitment for the project and the application fee exceeds the board's cost of processing, reviewing, and evaluating the application, the balance shall be transferred from the general fund to the project account in the guaranty fund and credited against the amount of the commitment fee required in section 41A.03, subdivision 3, clause (j). The county or rural development finance authority may require the proposed borrower under the project to pay the application fee.

(e) If the application is made by an applicant other than the county or rural development finance authority and tax increment financing is to be used for the project, the application must include a copy of a resolution adopted by the governing body of the county or rural development finance authority in which the project is located. The resolution must authorize the use of tax increment financing for the project as required by section 41A.06, subdivision 5.

Sec. 11. Minnesota Statutes 1986, section 41A.05, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF FUND.] For the purpose of developing the state's agricultural resources by extending credit on real estate security, The agricultural resource loan guaranty development fund is established as a special and dedicated fund to be held and invested separately from all other funds of the state. All money appropriated to the fund, and all guaranty fees, retail sales taxes, property tax increments, and other money from any source which may be credited to the fund pursuant to law or pursuant to the terms of grants, contributions, or contracts are appropriated and shall remain available for the purposes of the fund until those purposes have been fully accomplished. The board may maintain or establish within the guaranty agricultural development fund reserve funds, project accounts, or other restrictions it determines necessary or appropriate to carry out the purposes of this chapter. Except as otherwise provided in this section, the fund may be used only for

paying amounts due under loan guaranties and principal and interest assistance contracts entered into by the state, pursuant to the agricultural resource loan guaranty program. The board may enter into pledge and escrow agreements or indentures of trust with a trustee for the purposes of maintaining the accounts. The board may use the fund to pay administrative costs and expenses of the program, including the personnel costs of positions in the approved complement of the department of trade and economic development serving as staff to the board.

Sec. 12. Minnesota Statutes 1986, section 41A.05, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF BONDS.] (a) ~~Subject to section 16A.80, upon application pursuant to section 41A.04,~~ The board by resolution may exercise the powers of a rural development authority under sections 362A.01 to 362A.05 and the powers of a municipality under chapter 474 for the purposes of ~~providing money to pay the costs of a project financing one or more projects,~~ including the issuance of bonds and the ~~loan~~ application of the bond proceeds and investment income pursuant to a lease, loan, loan guaranty, loan participation, or other agreement. The bonds must be issued, sold, and secured on the terms and conditions and in the manner determined by resolution of the board. ~~Sections Section 16A.80 and 474.23 do does~~ not apply to the bonds.

Notwithstanding subdivision 1, a reserve established for the bonds provided by the borrower, including out of bond proceeds, may be deposited and held in a separate account in the guaranty agricultural development fund and applied to the last installments of principal or interest on the bonds, subject to the reserves being withdrawn for any purpose permitted by subdivision 1. The board may by resolution or indenture pledge any or all amounts in the guaranty agricultural development fund, including any reserves and investment income on amounts in the fund, to secure the payment of principal and interest on any or all series of bonds, upon the terms and conditions as provided in the resolution or indenture. To the extent the board deems necessary or desirable to prevent interest on bonds from becoming subject to federal income taxation, (1) the amounts in the guaranty agricultural development fund shall be invested in obligations or securities with restricted yields and (2) the investment income on the amounts are released from the pledge securing the bonds or loan guaranty and appropriately applied to prevent taxation.

(b) Bonds issued pursuant to this chapter are not general obligations of the state or the board. The full faith and credit and taxing powers of the state and the board are not and may not be pledged for the payment of the bonds. No person may compel the levy of a tax for the payment or compel the appropriation of money of the state or the

board for the payment of the bonds, except as specifically provided in this chapter.

(c) The issuance of bonds pursuant to this subdivision is subject to sections 474.18 to 474.25. For purposes of sections 474.16 474A.01 to 474.20 474A.21, the board is a local issuer and may apply for allocations of authority to issue private activity obligations and may enter into an agreement for the issuance of obligations by another issuer.

Sec. 13. [INSTRUCTIONS TO REVISOR.]

Subdivision 1. The revisor of statutes is directed to change the words "agricultural resource loan guaranty fund" and "guaranty fund" wherever they appear in Minnesota Statutes to "agricultural development fund" in the next and subsequent editions of the statutes.

Subd. 2. The revisor of statutes is directed to change the words "agricultural resource loan guaranty board" and "agricultural resource loan guaranty program" wherever they appear in Minnesota Statutes to "agricultural development board" and "agricultural development program" in the next and subsequent editions of the statutes.

ARTICLE 2

GREATER MINNESOTA CORPORATION

Section 1. Minnesota Statutes 1986, section 11A.24, is amended by adding a subdivision to read:

Subd. 8. [GREATER MINNESOTA CORPORATION.] The state board of investment may, subject to the provisions of subdivision 3, invest in bonds or notes issued or guaranteed by the Greater Minnesota Corporation, the greater Minnesota finance authority, or any other subsidiary of or entity administered by the Greater Minnesota Corporation.

Sec. 2. [16A.105] [RESEARCH LINE ITEMS REQUIRED.]

The commissioner of finance shall establish budget line items that specifically identify funds used for scientifically and technologically related research and development.

Sec. 3. Minnesota Statutes 1986, section 116J.951, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of energy trade and economic development.

Sec. 4. Minnesota Statutes 1986, section 116J.951, is amended by adding a subdivision to read:

Subd. 5. [BOARD.] "Board" means the board of the Greater Minnesota Corporation created in section 15.

Sec. 5. Minnesota Statutes 1986, section 116J.951, is amended by adding a subdivision to read:

Subd. 6. [PRESIDENT.] "President" means the president of the Greater Minnesota Corporation.

Sec. 6. Minnesota Statutes 1986, section 116J.955, is amended to read:

116J.955 [RURAL REHABILITATION REVOLVING FUND.]

Subdivision 1. [ESTABLISHMENT.] The rural rehabilitation revolving fund is established as an account in the state treasury. The money transferred to the state as a result of liquidating the rural rehabilitation corporation trust, and money derived from transfer of the trust to the state, must be credited to the rural rehabilitation revolving fund. ~~The principal amount of the rural rehabilitation revolving fund, \$9,300,000, may not be spent and must be invested by the state investment board. The income attributable to investment of the principal is appropriated to the commissioner for the activities of the rural development council.~~

Subd. 2. [EXPENDITURE OF INVESTMENT INCOME FUND.] ~~The commissioner council may only use the income from the investment of the rural rehabilitation revolving fund for the purposes that are allowed under the Minnesota rural rehabilitation corporation's charter and agreement with the United States Secretary of Agriculture as provided in Public Law Number 499, 81st Congress, enacted May 3, 1950 and as allowed under section 116J.961, subdivision 8. Not more than three percent of the book value of the Minnesota rural rehabilitation corporation's assets may be used for administrative purposes in a year without approval of the United States Secretary of Agriculture.~~

Subd. 3. [TRANSFER OF AUTHORIZED RECORDS TO COMMISSIONER BOARD.] The authority, assets, books, and records held by the Minnesota rural rehabilitation corporation and later by the state executive council under Public Law Number 499, 81st Congress, May 3, 1950, is transferred to the commissioner corporation.

Sec. 7. Minnesota Statutes 1986, section 116J.961, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The governor's rural development council is established in the ~~department of energy and economic development~~ Greater Minnesota Corporation. The council shall consist of one representative from each of the state's development regions, including the seven-county metropolitan area, and the ~~commissioner~~ president.

Sec. 8. Minnesota Statutes 1986, section 116J.961, subdivision 5, is amended to read:

Subd. 5. [COUNCIL STAFF.] (a) The ~~commissioner~~ board shall employ, ~~with the concurrence of the council, an executive director staff experienced in public administration and rural development issues.~~ The executive director is not a member of the council, but ~~president and corporation staff shall perform duties the council may require in carrying out its responsibilities. The executive director's position is in the unclassified service.~~

(b) The commissioner shall employ professional staff, clerical help, and other necessary employees upon the recommendation of the council and the executive director. Support staff shall serve in the classified civil service. The ~~commissioner~~ corporation shall also provide materials and administrative help necessary for the council's activities including personnel, budget, payroll, and contract administration.

Sec. 9. Minnesota Statutes 1986, section 116J.961, subdivision 6, is amended to read:

Subd. 6. [EXPENSES OF COUNCIL.] The ~~commissioner~~ corporation shall pay for the expenses of the council, the council staff, and the council's programs ~~from the appropriation under section 116J.955, subdivision 1.~~

Sec. 10. Minnesota Statutes 1986, section 116J.961, subdivision 8, is amended to read:

Subd. 8. [ADMINISTRATION OF ANNUAL INVESTMENT INCOME FROM THE RURAL REHABILITATION REVOLVING FUND.] (a) The council shall administer the rural rehabilitation revolving fund by:

(1) administering a rural development grant program including the establishment of grant eligibility criteria, solicitation and review of grant applications, and determination of projects to be funded;

(2) developing priorities for state projects and activities related to rural development;

(3) providing technical help and rural development information services to state agencies, regional agencies, special districts, local governments, and interested citizens;

(4) preparing an annual budget and work program, and a biennial budget;

(5) preparing an annual report for the state office of the farmers home administration, United States Department of Agriculture outlining program activities and expenditures from the trust fund; and

(6) reporting to the house agriculture and senate agriculture and natural resources committees by January 31 of each year on the grants, projects, and activities of the council.

(b) The ~~commissioner~~ corporation shall make agreements or contracts to distribute grant funds to projects selected by the council.

Sec. 11. Minnesota Statutes 1986, section 116J.961, subdivision 10, is amended to read:

Subd. 10. [BUDGET.] The ~~commissioner~~ corporation's board shall review and approve a biennial budget prepared by the council and submit it to the governor and the legislature for approval as part of the biennial budget process.

Sec. 12. [116N.01] [CITATION.]

Sections 12 to 27 may be cited as the "Greater Minnesota Corporation act."

Sec. 13. [116N.02] [PURPOSE.]

It is the intent of this legislation to ensure the development of new products, processes, and services that have the potential to contribute to the state's economy, particularly in nonmetropolitan areas. For these purposes, the Greater Minnesota Corporation is established to foster economic growth in Minnesota through cooperative research and development and investments in new products and businesses. It is the intention of the legislature to create the Greater Minnesota Corporation as a public corporation.

Sec. 14. [116N.03] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to chapter 116N.

Subd. 2. [AUTHORITY.] "Authority" means the greater Minnesota finance authority established in section 19.

Subd. 3. [CORPORATION.] "Corporation" means the Greater Minnesota Corporation.

Subd. 4. [CORPORATION BOARD.] "Corporation board" means the board of directors of the Greater Minnesota Corporation.

Subd. 5. [FINANCIAL INSTITUTION.] "Financial institution" means a bank, bank or trust company, trust company, mortgage company, credit union, mortgage banker, national banking association, savings bank, savings association, savings and loan association, building and loan association, insurance company, securities broker-dealer, financial organizations relating to commercial credit or venture capital, or a lender certified by the secretary of housing and urban development or by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration or any other financial or lending institution, whether organized under federal law or the laws of any state of the United States, and whether located within or without this state.

Subd. 6. [FUND.] "Fund" means the greater Minnesota fund established by section 25.

Subd. 7. [GREATER MINNESOTA.] "Greater Minnesota" means the area of the state not included in the definition of area in section 473F.02, subdivision 2.

Subd. 8. [INSTITUTE.] "Institute" means a regional research institute created in section 20.

Sec. 15. [116N.04] [CORPORATION CREATED; BOARD OF DIRECTORS; PURPOSE AND DUTY.]

Subdivision 1. [CREATION; NAME.] The Greater Minnesota Corporation is created as a public corporation. The corporation is not a state agency under chapters 14, 15, or for any other purpose. All business of the corporation must be conducted under the name "Greater Minnesota Corporation."

Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of 11 directors appointed by the governor to six-year terms. The governor shall make the initial appointments. As the terms of the initial appointees expire, appointments must be made by the board. The board may determine the compensation of its members. Directors shall be considered public officials for the purposes of section 10A.07.

Subd. 3. [INTEREST IN CONTRACT; PENALTY.] A director, employee, or officer of the corporation, subsidiary of the corporation or an organization selected under section 18 who is authorized by the corporation to take part in any manner in making any sale, lease, or contract in their official capacity are "public officers" for the purpose of section 471.87.

Subd. 4. [CONTRIBUTIONS TO PUBLIC OFFICIALS; DISCLOSURE.] Each director shall, when appointed, file a statement with the ethical practices board disclosing the nature, amount, date, and recipient of any contribution made to a public official, political committee, political fund, or political party, as defined in chapter 10A, that:

(1) was made within the four years preceding appointment to the Greater Minnesota board; and

(2) was subject to the reporting requirements of chapter 10A.

The statement must be updated quarterly during the director's term to reflect contributions made to public officials during the appointed director's tenure.

Subd. 5. [ARTICLES AND BYLAWS.] The corporation board shall adopt articles of incorporation and bylaws necessary for the conduct of the business of the corporation consistent with the provisions of this chapter. The articles and bylaws must be filed with the secretary of state.

Subd. 6. [PLACES OF BUSINESS.] The corporation board shall locate and maintain the corporation's places of business within the state.

Subd. 7. [MEETINGS AND ACTIONS OF THE BOARD.] The corporation board shall meet at least twice a year and may hold additional meetings upon giving whatever notice the bylaws of the corporation might provide. Meetings of the corporation board, institute boards, the governor's council on rural development, the greater Minnesota finance authority, and the research advisory board are subject to the provisions in section 471.705 except when information or data described in subdivision 8 is discussed.

Subd. 8. [APPLICATION AND INVESTIGATIVE DATA.] The following data is classified as private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9, whichever is applicable:

(1) financial data, statistics, and information furnished in connection with assistance or proposed assistance under sections 12 to 27,

including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records;

(2) correspondence between members of the corporation board authority or employees of the corporation and applicants or other persons or entities regarding assistance or proposed assistance, and any investigative data obtained by the corporation board or authority, or employees of the corporation in relation to the assistance under sections 12 to 27;

(3) security information, trade secret information, or labor relations information, as defined in section 13.37, subdivision 1, disclosed to members of the corporation board authority, or employees of the corporation pursuant to sections 12 to 27.

Sec. 16. [116N.05] [CORPORATE PERSONNEL.]

Subdivision 1. [GENERALLY.] The corporation board shall appoint and set the compensation for a president and may appoint subordinate officers. The corporation board may designate the president as its general agent. Subject to the control of the corporation board, the president shall employ employees and agents as the president deems necessary. The staff of the corporation must include individuals knowledgeable in commercial and industrial financing, research and development, economic development, and general fiscal affairs. The corporation board shall define the duties and designate the titles of the employees and agents.

Subd. 2. [STATUS OF EMPLOYEES.] Employees, officers, and directors of the corporation are not state employees, but, at the option of the corporation board, may participate in the state retirement plan and the state deferred compensation plan for employees in the unclassified service and an insurance plan administered by the commissioner of employee relations.

Subd. 3. [CONTRIBUTIONS TO PUBLIC OFFICIALS; DISCLOSURE.] The president shall, when employed, file a statement with the ethical practices board disclosing the nature, amount, date, and recipient of any contribution made to a public official which:

(1) was made within the four years preceding employment with the greater Minnesota board; and

(2) was subject to the reporting requirements of chapter 10A.

The statement must be updated quarterly during the president's employment to reflect contributions made to public officials during the president's tenure.

Sec. 17. [116N.06] [CORPORATE POWERS.]

Subdivision 1. [CORPORATE POWERS; GENERALLY.] The corporation board shall have all powers necessary to accomplish the purposes of sections 12 to 27. These include, but are not limited to, the powers granted to a business corporation by section 302A.161, subdivisions 3; 4; 5; 7; 8; 9; 11; 12; 13 except that the corporation may not act as a general partner in any partnership; 14; 15; 16; 17; 18; 20 but limited to the transactions described in section 302A.501, subdivision 1, clause (b); and 22.

Subd. 2. [ADDITIONAL POWERS.] In addition to powers granted in subdivision 1, the corporation may:

- (1) obtain insurance;
- (2) provide and commit to provide mortgage insurance on terms and conditions the corporation board or its designee may deem advisable;
- (3) provide advisory, consultative, training and educational services, technical assistance, and advice to any person, firm, partnership, or corporation, either public or private, or any community, in order to carry out the purposes of sections 12 to 27 and may charge fees for this service or assistance;
- (4) accept gifts, grants, and bequests and use or dispose of them for its purposes; and
- (5) spend money from the greater Minnesota fund, and other money appropriated for purposes including expenses for the food, lodging, and travel of consultants and speakers hired by the board, publications, advertising, and promotional activities; to its projects, operations, properties, and facilities.

Subd. 3. [DESIGNATED POWERS.] The board may designate any of the powers granted in subdivision 1 to the greater Minnesota finance authority established in section 19, or the individual research institution boards established in section 20.

Sec. 18. [116N.07] [CHALLENGE GRANT PROGRAM.]

Subdivision 1. [ORGANIZATION.] The corporation board shall provide challenge grants to regional organizations to encourage private investment, provide jobs for low-income persons, and promote economic development in the rural areas of the state.

Subd. 2. [FUNDING REGIONS.] The corporation board shall divide greater Minnesota into six regions. The regions' boundaries

must be coterminous with the boundaries of one or more of the development regions established under section 462.385.

Subd. 3. [CHALLENGE GRANT PROGRAM ADMINISTRATION.] The corporation board shall establish a challenge grant account for each of the six regions. Challenge grant funds must be used for revolving loans and equity investments authorized under this section. The corporation board shall select nonprofit corporations to administer the challenge grant programs using the selection criteria in subdivision 4.

Subd. 4. [SELECTION OF ORGANIZATION TO ADMINISTER CHALLENGE GRANT PROGRAM.] The corporation board shall select at least one organization for each region to be responsible for administering the challenge grant programs and shall enter into grant agreements with the organizations. An organization is eligible to administer a challenge grant program if it is a nonprofit corporation and it can demonstrate that:

(1) its board of directors includes citizens experienced in rural development, including members of the regional development commissions, and representatives from the different geographic areas in the challenge grant program region;

(2) it has the technical skills to analyze projects;

(3) it is familiar with other available public and private funding sources and economic development programs;

(4) it has the capability to package economic development projects; and

(5) it has the capability to establish and administer a revolving loan program.

Subd. 5. [REVOLVING LOAN FUND.] Each organization responsible for administering a challenge grant program shall provide loans from the challenge grant account to businesses in greater Minnesota to promote economic development in areas including technologically innovative industries, value added manufacturing, agriprocessing, information industries, and agricultural marketing. Each organization shall establish a regional revolving loan fund certified by the board, and shall process loan applications as provided in subdivision 6. The amount of state money allocated for each revolving loan is appropriated from the appropriate challenge grant account to the organization's regional revolving loan fund when the organization's board gives final approval for each loan.

Subd. 6. [LOAN CRITERIA AND PRIORITY.] (a) In processing a loan application, an organization responsible for administering a

challenge grant program shall give priority to proposed borrowers who are not likely to undertake the project without assistance from the challenge grant program. Loans must be used for projects designed to principally benefit low-income persons through the creation of job opportunities for such persons. Loans may be used for capital assets and working capital. Among loan applicants, priority must be given on the basis of the number of permanent jobs created or retained by the project and the proportion of nonstate money leveraged by the revolving loan. The minimum revolving loan is \$5,000 and the maximum is \$100,000. The amount of state money appropriated from the challenge grant fund may not exceed 50 percent for each revolving loan. The amount of nonpublic money must equal at least 50 percent for each revolving loan. With the approval of the corporation board, a revolving loan may be used to provide up to 50 percent of the private investment required to qualify for grants from the economic recovery fund. A revolving loan may not exceed 25 percent of the total project cost of an individual project. A revolving loan may not be used for a retail development project.

(b) The corporation board shall establish a minimum interest rate for revolving loans to ensure that necessary management costs are covered.

(c) Money repaid to the challenge grant program must remain in the regional revolving loan fund for further distribution by the organization responsible for administering the challenge grant program.

(d) Administrative expenses must be paid out of the interest earned on revolving loans or from fees that the organizations may charge to businesses applying for loans.

(e) A business applying for a loan must be sponsored by a resolution of the governing body of the local government unit having jurisdiction over the area within which the project is located. For the purposes of this subdivision, "local government unit" means a home rule charter or statutory city when the project is located in an incorporated area, a county when the project is located in an unincorporated area or an American Indian tribal government when the project is located in a federally recognized American Indian Reservation or community.

Subd. 7. [EQUITY INVESTMENTS.] The corporation board may allow a specific amount of the challenge grant account designated to each region to be used for the purpose of acquiring equity interests in new or existing businesses located in greater Minnesota. The organizations responsible for administering challenge grant programs may acquire equity investments in new or expanding businesses located in greater Minnesota. The organizations may also invest in qualified regional investment organizations. A qualified

regional investment organization is a corporation or fund organized and located within the designated region which conducts a lending and investment program consistent with the goals of the challenge grant program.

Subd. 8. [DUTIES OF CHALLENGE GRANT ADMINISTRATION ORGANIZATION.] The organization responsible for administering a challenge grant program may contract with other regional development authorities to carry out all or part of its duties. The organization shall:

(1) submit an annual report to the corporation board, the governor, and the legislature by February 15 of each year that includes, at least, a description of projects supported by the program, an account of all loans made during the calendar year, the source and amount of all money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the corporation board.

Sec. 19. [116N.08] [GREATER MINNESOTA FINANCE AUTHORITY.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The greater Minnesota finance authority is created to provide financial assistance to individuals and businesses on behalf of the corporation.

Subd. 2. [APPOINTMENT.] The authority shall have 11 members. The president of the corporation and two members of the corporation board shall serve on the authority. Eight members shall be appointed by the corporation board. Members of the authority should have extensive experience in business development, finance, banking, or venture capital. Terms and removal of members of the authority shall be set by the corporation board. Members of the authority shall serve without compensation but shall receive their necessary and actual expenses while engaged in the business of the corporation. Members of authority shall be considered public officials for the purposes of section 10A.07.

Subd. 3. [STAFFING.] The corporation may provide staff to assist the authority in carrying out its duties. The corporation may contract with an individual or for-profit or nonprofit organization to provide staff to the authority.

Subd. 4. [FINANCIAL ASSISTANCE.] The authority may provide financial assistance from the fund to individuals, businesses, and profit or nonprofit organizations. Financial assistance includes, but is not limited to, loan guarantees or insurance, direct loans, grants,

interest subsidy payments, participation in loan packages, and equity financing.

Subd. 5. [STANDARDS.] The corporation board may establish minimum interest rates, security requirements, restrictions on the amount of authority financial participation in a project, and other standards and restrictions that the authority must follow in providing financial assistance.

Subd. 6. [PREFERENCE.] In providing financial assistance, the authority must give preference to individuals, businesses, or organizations that are starting or expanding their operations in greater Minnesota.

Sec. 20. [116N.09] [REGIONAL RESEARCH INSTITUTES.]

Subdivision 1. [ESTABLISHMENT.] The corporation board may establish up to four regional research institutes in greater Minnesota. The corporation board shall locate each institute adjacent to a post-secondary education institution whose focus is comparable to the mission of the institute.

Subd. 2. [PURPOSE.] The purpose of the institutes is to provide applied research and development services to individuals, businesses, and for-profit or nonprofit organizations for the purposes of developing the region's economy through the utilization of the region's resources and through the development of technology in the region. Research and development services may include on-site research, product development grants, testing of production techniques and product quality, marketing and business management assistance, and feasibility studies.

Subd. 3. [INSTITUTE BOARD.] Each regional research institute is administered by a nine member institute board. The board for each institute consists of one Greater Minnesota Corporation board member, the president of the corporation, two representatives of public post-secondary institutions in the area surrounding the institute, and five public members appointed by the corporation board. Each institute board shall elect a chair and other board officers as it deems fit from its membership. Members of each board shall serve without compensation but shall receive their necessary and actual expenses.

Subd. 4. [INSTITUTE ADMINISTRATION.] The board for each regional research institute must appoint an institute director to manage the operation of the institute. An institute board may contract with post-secondary education governing boards for research services of post-secondary institution staff, facilities, or equipment. The director may directly hire staff for the institutes.

Subd. 5. [RESEARCH CONTRACTS.] The board of each institute may enter into contracts with individuals, businesses, and organizations to provide research and development assistance at institute facilities or at other sites where appropriate. The corporation board is to establish contract guidelines.

Subd. 6. [PRODUCT DEVELOPMENT GRANTS.] The board of each institute may provide product development grants to those individuals, businesses, or organizations that, without financial assistance, would not be able to undertake the development of a product or technology-related service. The corporation board is to establish criteria for determining what individuals, businesses, or organizations are eligible to receive product development grants.

Subd. 7. [DESIGNATED RESEARCH INSTITUTE.] The agricultural utilization research institute established in section 21 is designated as one of the regional research institutes.

Sec. 21. [116N.10] [AGRICULTURAL UTILIZATION RESEARCH INSTITUTE.]

Subdivision 1. [ESTABLISHMENT.] The corporation must establish an agricultural utilization research institute to promote the establishment of new markets and the expansion of existing markets for the state's agricultural commodities and products. The agricultural utilization research institute is one of the regional institutes authorized in section 20.

Subd. 2. [DUTIES.] In addition to the duties and powers assigned to the institutes in section 20, the agricultural utilization research institute and its board have the following additional duties:

(1) identify the various market segments characterized by Minnesota's agricultural industry, address the individual needs of each segment, and identify development opportunities in each segment;

(2) develop and implement a utilization program for each segment that addresses the development needs of that segment and identifies techniques that might meet those needs;

(3) coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses and individuals; and

(4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research that would promote the development of the various agricultural industries.

Subd. 3. [STAFF.] The corporation shall provide staff to the agricultural utilization research institute and assist in carrying out the duties of the agricultural utilization research institute. The corporation may contract with an organization or individual to provide all or a portion of the staff services required by the agricultural utilization research institute.

Subd. 4. [ADVISORY BOARD.] A 36-member advisory board is established to identify priorities for the agricultural utilization research institute. The advisory board shall consist of: the chair of the Minnesota house of representatives agricultural committee; the chair of the Minnesota senate agricultural committee; a representative from each of the 20 largest agricultural-related businesses in the state as determined by the corporation; a member from each of the appropriate trade organizations representing producers of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans, eggs, and potatoes; a member of the Farmers' Union; and a member of the Farm Bureau.

The advisory board shall annually provide a list of priorities and suggested research and marketing studies that should be undertaken by the agricultural utilization research institute.

Sec. 22. [116N.11] [RESEARCH ADVISORY BOARD.]

Subdivision 1. [ESTABLISHMENT.] The corporation board shall establish a research advisory board to provide advisory assistance to the corporation board, the research institute boards, and the rural finance authority.

Subd. 2. [APPOINTMENT.] The research advisory board shall consist of 11 members appointed by the corporation board. Terms and removal of members shall be set by the board and research advisory board members shall serve without compensation but shall receive their necessary and actual expenses while engaged in the business of the corporation. The membership of the advisory board must have representatives that are experienced or have expertise in technology, applied research, agriculture, business, labor, and productivity.

Subd. 3. [DUTIES.] The research advisory board has the following duties and responsibilities:

(a) Identify specific areas where research and development will contribute to the productivity of the state's businesses and farms.

(b) Determine specific areas where financial assistance for research and development could assist the development of businesses and create new employment opportunities.

(c) Advise the corporation board in the development and establishment of the regional research institutes and the research grants to public and private post-secondary education institutions.

(d) Advise public and private post-secondary education institutions on the research and development needs of businesses in Minnesota.

(e) Review the applications and make recommendations to the corporation board for research grants to public and private post-secondary education institutions.

(f) Develop guidelines for an effective peer review process for evaluating scientifically or technologically related financial assistance. The research advisory board must consider the guidelines recommended by the committee on science and technology research and development under article 3, section 8, subdivision 6.

Sec. 23. [116N.12] [RESEARCH GRANTS TO EDUCATION UNITS.]

The corporation board may make matching grants to public and private post-secondary education institutions or units within those institutions, including the natural resource research institute, for applied research and development. Grants are to be made for projects which will likely result in assisting economic and employment development in greater Minnesota. The corporation board shall not give final approval to a research grant until it has received an evaluation and recommendation from the research advisory board established in section 22.

Sec. 24. [116N.13] [INFORMATION ASSISTANCE.]

The corporation board or its designee must provide individuals, businesses, and organizations with information relating to federal, state, and local economic development programs. The corporation board must divide greater Minnesota into regions and have its own staff or its contracted organization's staff located in each of these regions to provide information assistance required in this section. The corporation board may contract with organizations, including but not limited to, regional development commissions, to provide the assistance under this section in each of the regions. The corporation's or designated organization's assigned staff to this function must have knowledge of existing private and federal, state, and local economic development programs and work in conjunction with existing programs including state agency programs, the university extension service, and the small business development centers.

Sec. 25. [116N.14] [GREATER MINNESOTA FUND.]

(a) The greater Minnesota fund is a separate account in the state treasury. The corporation board may require the commissioner of finance to create separate accounts within the fund for use in accordance with the fund's purposes. Money in the fund may be deposited in an institution designated as a depository for state funds under section 9.031. Money in the fund not needed for the immediate purposes of the corporation may be invested by the corporation in any way authorized by section 11A.24. Money in the fund may be used as provided in this chapter.

(b) The fund consists of:

- (1) all appropriations made to the corporation;
- (2) all fees and charges collected by the corporation;
- (3) income from investments and purchases;
- (4) all revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes; and
- (5) all gifts, donations, and bequests made to the corporation.

Sec. 26. [116N.15] [AUDITS.]

The corporation board shall contract with a certified public accounting firm to audit the corporation and any subsidiary annually in accordance with generally accepted accounting standards.

The books and records of the corporation, the governor's council on rural development, the greater Minnesota finance authority, challenge grant organizations, regional research institutes, the research advisory board, and any other subsidiary, fund, or entity to be administered or governed by the corporation are subject to audit without previous notice by the legislative auditor.

Sec. 27. [116N.16] [REPORTS.]

The corporation shall report to the legislature and the governor on its activities by January 1 of each year.

Sec. 28. [DEVELOPMENT PLAN.]

The board of directors of the Greater Minnesota Corporation shall prepare a comprehensive development plan and submit it to the governor and the legislature by November 15, 1987. The development plan must include at least the following:

- (1) operating procedures;

- (2) accounting procedures;
- (3) grant procedures;
- (4) loan procedures;
- (5) personnel procedures and salaries for corporate personnel;
- (6) investment procedures; and
- (7) board conduct and ethics.

In addition, the development plan must include a budget proposal and a five-year plan. It must identify sources and amounts of available nongovernmental money and the purposes for which that money may be used, and it must suggest any further legislation that may be necessary to carry out the development plan.

Sec. 29. [INITIAL APPOINTMENTS.]

Notwithstanding section 15, subdivision 2, the governor shall appoint the initial members of the board of directors of the Greater Minnesota Corporation as follows: four to six-year terms, four to four-year terms, and three to two-year terms.

Sec. 30. [VENTURE CAPITAL STUDY.]

The Greater Minnesota Corporation shall study the effect and the possible administrative and legal structure of the establishment of a for-profit venture capital corporation. This venture capital corporation would be capitalized by a state appropriation that in turn would be converted into shares of stock owned by every resident of the state. This corporation would invest only in Minnesota companies or production facilities located in the state with a preference to ventures that utilize the state's resources and intermediate products and services. The venture capital corporation would invest in local capital venture pools that are managed by experienced private venture capital firms and this corporation would only provide investment capital for product development and start-up business development. The venture capital corporation would target its investment capital to products and businesses that reduce costs to the state's residents and government jurisdictions such as products that improve resource efficiency or products that improve the independence of the physically disabled.

The study may be completed directly by the Greater Minnesota Corporation or the corporation may contract with a business, state agency, organization, or individual to complete the study. The study must include the examination of at least the following:

(1) the anticipated demand for venture capital that meets the investment criteria of the venture capital corporation;

(2) an estimation of the start-up costs of the venture capital corporation;

(3) an estimation of on-going administrative costs of the venture capital corporation including shareholder related costs;

(4) the most appropriate legal structure for the venture capital corporation including recommendations for the enabling legislation for the corporation;

(5) an estimation of the potential additional investment through stock purchases by Minnesota residents;

(6) an inventory of experienced and interested local venture capital firms that the corporation would utilize in distributing its venture capital; and

(7) an analysis of the type of products that meet the investment criteria of the venture capital corporation.

The Greater Minnesota Corporation shall submit the study to the legislature and the governor by January 15, 1988.

Sec. 31. [DISSOLUTION.]

In the event of dissolution of the Greater Minnesota Corporation for any reason, the state of Minnesota, upon action by the governor, and after consultation with the legislative advisory commission, may require the liquidation of all holdings and investments and the return of the proceeds of that liquidation and any wholly-owned assets of the corporation to the state, in exchange for the assumption of all outstanding obligations of the corporation.

If the corporation is dissolved, or certain of its functions transferred to another entity, the assets and liabilities and property associated with the dissolved or transferred functions must return to the state or to the entity designated by law.

Sec. 32. [APPROPRIATION.]

\$3,500,000 is appropriated from the general fund to the greater Minnesota fund established in section 25 to carry out the purposes of sections 15 to 31. \$2,500,000 of this appropriation is for the agricultural utilization research institute established in section 21. This appropriation is available until expended.

Sec. 33. [TRANSFER.]

\$2,500,000 is transferred from the money appropriated in Laws of Minnesota 1987, chapter 15, section 10 for program B, to the greater Minnesota fund established in section 25 to carry out the purpose of sections 15 to 31. Any remaining unencumbered balance in the appropriation for the program authorized in Laws of Minnesota 1987, chapter 15, on June 30, 1989 is transferred to the greater Minnesota fund established in section 25 to carry out the purposes of sections 15 to 31.

Sec. 34. [EFFECTIVE DATE.]

Sections 1 to 31 are effective the day following final enactment.

ARTICLE 3

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1986, section 15.01, is amended to read:

15.01 [DEPARTMENTS OF THE STATE.]

The following agencies are designated as the departments of the state government: the department of administration; the department of agriculture; the department of commerce; the department of corrections; the department of education; the department of jobs and training; the department of energy trade and economic development; the department of finance; the department of health; the department of human rights; the department of labor and industry; the department of military affairs; the department of natural resources; the department of employee relations; the department of public safety; the department of public service; the department of human services; the department of revenue; the department of transportation; the department of veterans affairs; and their successor departments.

Sec. 2. Minnesota Statutes 1986, section 116J.01, is amended to read:

116J.01 [DEPARTMENT OF ~~ENERGY~~ TRADE AND ECONOMIC DEVELOPMENT.]

Subdivision 1. [APPOINTMENT.] The department of energy trade and economic development ~~shall be~~ is supervised and controlled by the commissioner of energy trade and economic development, who ~~shall be~~ is appointed by the governor and ~~serve~~ serves under the ~~provisions~~ of section 15.06.

Subd. 2. [CONFIDENTIAL SECRETARY.] The commissioner may appoint a confidential secretary in the unclassified service.

Subd. 3. [DEPARTMENTAL ORGANIZATION.] The commissioner shall organize the department as provided in section 15.06. The department shall be organized into four divisions, ~~which shall be designated as the energy business promotion and marketing division, the community development division, the economic development policy analysis division, the Minnesota trade office division, and the financial management division; and one office, the office of tourism.~~ Each division and office is responsible for administering shall administer the duties and functions assigned to it by law. When the duties of the divisions or office are not allocated by law, the commissioner may establish and revise the assignments of each division and office. Each division shall be is under the direction of a deputy commissioner in the unclassified service. The office of tourism is under the direction of a director of tourism in the unclassified service. The governor shall appoint the director of tourism.

Sec. 3. Minnesota Statutes 1986, section 116J.03, is amended to read:

116J.03 [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in chapter 116J, the terms defined in this section have the meaning given them.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of energy trade and economic development.

Subd. 3. [DEPARTMENT.] "Department" means the department of energy trade and economic development.

Sec. 4. [116J.874] [COMMUNITY DEVELOPMENT DIVISION.]

The community development division shall:

(1) be responsible for developing a community-based approach for economic development;

(2) be responsible for administering and staffing all state community development and assistance programs including the economic recovery fund and the outdoor recreation grant program;

(3) be responsible for state administration of federally funded community development and assistance programs including the small cities development grant program and land and water conservation program;

(4) provide technical assistance to rural communities in the area of community development in cooperation with regional development commissions;

(5) coordinate the development and review of state agency rural development policies;

(6) provide staff and consultant services to the rural development board; and

(7) be responsible for coordinating community assistance and development programs in cooperation with regional development commissions.

Sec. 5. [116J.8741] [RURAL DEVELOPMENT BOARD.]

Subdivision 1. [CREATION.] The legislature finds that it is in the public interest to coordinate and encourage community and economic development in the rural areas of the state. The rural development board is created to assist in developing a strategy for promoting rural development in the state.

Subd. 2. [MEMBERSHIP.] The board consists of the commissioner of trade and economic development; the commissioner of jobs and training; the commissioner of agriculture; the president of the Greater Minnesota Corporation; the chair of the Minnesota association of counties; the chair of the Minnesota association of townships; the president of the league of Minnesota cities; the chair of the association of regional development commissions; the state director of vocational technical education; the chancellor of the state university board; the chancellor of the state board of community colleges; and the president of the University of Minnesota. The governor shall appoint five additional members from the general public to the board. Two of the public members must be members of farm organizations. One public member must represent the interests of business and one public member must represent the interests of organized labor. The governor shall take geographic interests and representation into account in the selection of public board members.

Subd. 3. [MEMBERSHIP TERMS.] The membership terms, compensation, removal, and filling of vacancies of public members of the board are as provided in section 15.0575.

Subd. 4. [CHAIR; OTHER OFFICERS.] The commissioner of trade and economic development shall serve as chair of the board. The board may elect other officers as is necessary from its members.

Subd. 5. [ADVISORY TASK FORCES; COMMITTEES.] The board may establish advisory task forces or committees to advise or assist

the board in identifying and working with rural development issues. Persons on a task force or committee may not receive per diem but may be reimbursed for expenses.

Subd. 6. [STAFF; EXPENSES.] The department of trade and economic development shall provide staff, consultant support, materials, and administrative services necessary to the board's activities. The commissioner shall pay for the expenses of the board.

Subd. 7. [DUTIES.] The board has the following duties:

(a) The board, with the assistance of department staff, shall investigate and evaluate new methods to enhance rural development, particularly relating to economic diversification through private enterprises, including technologically innovative industries, value-added manufacturing, agriprocessing, information industries, and agricultural marketing.

(b) The board shall review and comment on the mineral resources program to the department of natural resources.

(c) The board shall review the services provided by state agencies, including the post-secondary education systems, to rural businesses and communities and make recommendations to the agency and the legislature that would enhance those services.

(d) The board shall prepare, with the assistance of department staff and other state agency staff, the rural investment guide required by subdivision 8.

(e) The board shall submit an annual report to the legislature by January 31 of each year. The report shall include a review of rural development in the state, an evaluation of rural development initiatives, and recommendations concerning state support for rural development.

Subd. 8. [RURAL INVESTMENT GUIDE.] The board shall prepare and adopt, after appropriate study and public hearings as necessary, a comprehensive rural investment guide for the state, consisting of policy statements, objectives, standards, and program criteria to guide state agencies in the creation and implementation of programs relating to rural development. The guide must recognize and encompass both the community and economic needs and resources of rural Minnesota and provide a plan to coordinate and allocate public and private resources to the rural areas of the state.

Sec. 6. [116J.8742] [MAIN STREET PROGRAM.]

The commissioner shall develop and administer a main street program to assist cities in the revitalization of their businesses. The

purpose of the program is to strengthen local organization and local management of business districts so that cities become more self-reliant and not dependent on future state financial assistance. The staff dedicated for this program shall assist cities that request assistance in the following manner:

(1) improving the organization of a city's business district including the leadership skills of business owners and city officials;

(2) establishing a marketing strategy to promote a city's business district to residents of the surrounding trade area;

(3) providing technical assistance in the design and rehabilitation of buildings in a city's business district including historic preservation; and

(4) establishing a strategy to strengthen existing businesses, recruit new businesses, diversify the mix of businesses, and develop vacant property in a city's business district.

Sec. 7. Minnesota Statutes 1986, section 116M.04, is amended to read:

116M.04 [COMMUNITY DEVELOPMENT CORPORATIONS.]

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

Subd. 1a. "Authority" "Commissioner" means the energy commissioner of trade and economic development authority, formerly known as the small business finance agency.

Subd. 2. "Economic development region" means an area so designated in the governor's executive order number 60, dated June 12, 1970, as amended.

Subd. 3. "Federal poverty level" means the income level established by the United States Community Services Administration in Code of Federal Regulations, title 45, section 1060.2-2.

Subd. 4. "Low income" means an annual income below the federal poverty level.

Subd. 5. The authority commissioner shall administer this section and shall enforce the rules related to the community development corporations promulgated by the authority commissioner. The authority commissioner may amend, suspend, repeal or otherwise modify these rules as provided for in chapter 14.

Subd. 6. The ~~authority~~ commissioner shall designate a community development corporation as eligible to receive grants pursuant to this section if the corporation:

(a) Is a nonprofit corporation incorporated under chapter 317 or a federally recognized American Indian tribal government;

(b) Designates in its articles of incorporation or bylaws or a tribal constitution a specific geographic community within which it will operate. At least ten percent of the population within the designated community must have low income. Within the metropolitan area as defined in section 473.121, subdivision 2, a designated community shall be an identifiable neighborhood, or a combination of neighborhoods or home rule charter or statutory cities, townships, unincorporated areas or combinations thereof. Outstate designated communities shall to the extent possible not cross existing economic development boundaries;

(c) Limits voting membership to residents of the designated community;

(d) Has a board of directors with 15 to 30 members, unless the corporation can demonstrate to the authority that a smaller or larger board is more advantageous. At least 40 percent of the directors shall have incomes that do not exceed 80 percent of the county median family income and are not greater than 80 percent of the statewide median family income, as determined by the state demographer, and the remaining directors shall be members of the business or financial community and the community at large. At least 60 percent of the directors shall be residents of the designated community, and to the greatest extent possible directors shall be residents of the designated community. The directors who must meet the income limitations of this paragraph shall be elected by the members of the corporation, and the remaining directors may be elected by the members of the corporation or selected by the directors who must meet the income limitations of this paragraph; and

(e) Hires low income residents of the designated community to fill nonmanagerial and nonprofessional positions; and

(f) Demonstrates that it has or will have the technical skills to analyze projects, is familiar with other available public and private funding sources and economic development programs, and has the capability to package economic development projects.

Subd. 7. The ~~authority~~ commissioner shall approve a grant to a community development corporation only for a project carried on within the designated community, except when the corporation demonstrates that a project carried on outside will have a significant impact inside the designated community.

Subd. 8. The authority commissioner may approve a grant to a community development corporation for planning, including organization of the corporation, training of the directors, creation of a comprehensive community economic development plan, and development of a proposal for a venture grant, or for establishment of a business venture, including assistance to an existing business venture, purchase of partial or full ownership of a business venture, or development of resources or facilities necessary for the establishment of a business venture.

Subd. 8a. The energy and economic development authority commissioner shall be named as an assignee of the rights of a state-funded community development corporation on any loan or other evidence of debt provided by a community development corporation to a private enterprise. The assignment of rights shall provide that it will be effective upon the dormancy or cessation of existence of the community development corporation. "Dormancy" for the purpose of this section means the continuation of the corporation in name only without any functioning officers or activities. Upon the cessation of the activities of a state-funded community development corporation, any assigned money paid to the energy and economic development authority commissioner shall be deposited into the economic development fund to be used for the purposes as set out in this chapter general fund.

Subd. 9. Factors considered by the authority commissioner in approving a grant to a community development corporation should include the creation of employment opportunities, the maximization of profit and the effect on securing money from sources other than the state.

Subd. 10. Grants under this section shall not be available for programs conducted by churches or religious organizations or for securing or developing social services.

Subd. 11. A person shall not be excluded from participation in a program funded pursuant to this section because of race, color, religion, sex, age or national origin.

Sec. 8. [116J.971] [COMMITTEE ON SCIENCE AND TECHNOLOGY RESEARCH AND DEVELOPMENT.]

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

(a) "Committee" means the committee on science and technology research and development established in subdivision 2.

(b) "Agency" means any state agency, commission, board authority, or post-secondary educational institution that has received money from the state through an appropriation, transfer, or grant.

Subd. 2. [COMMITTEE CREATED; MEMBERSHIP QUALIFICATIONS.] There is created a committee on science and technology research and development, which consists of:

- (1) a chair appointed by the governor to a four-year term;
- (2) eight members appointed by the governor to six-year terms;
- (3) one member appointed by the speaker of the house of representatives at the beginning of each biennium to a two-year term;
- (4) one member appointed by the minority leader of the house of representatives at the beginning of each biennium to a two-year term;
- (5) one member appointed by the majority leader of the senate at the beginning of each biennium to a two-year term; and
- (6) one member appointed by the minority leader of the senate at the beginning of each biennium to a two-year term.

The members of the committee must be qualified in at least one of the following four areas: academic and applied research, the administration of research, the review of research processes, and the management and development of technology intensive companies.

Subd. 3. [COMPENSATION.] Members of the committee and the ad hoc advisory committees authorized under subdivision 5 shall receive no compensation but shall be paid their expenses under section 15.059, subdivision 6.

Subd. 4. [DUTIES OF THE COMMITTEE.] The committee shall have the following duties:

- (1) establish guidelines that any agency may use in allocating state grant or loan money for scientifically and technologically related research and development projects. These guidelines must address assessments of emerging technologies and those technologies that provide significant promise for the development of job-creating businesses;
- (2) provide an analysis of the efficacy and completeness of the decentralized research peer review processes mandated in subdivision 6, with special emphasis on whether or not scientifically and technologically related research and development projects in Minnesota are in conformance with the guidelines established in this subdivision, and whether or not the scientifically and technologically related research and development projects have or will result in creating scientifically and technologically related jobs;

(3) advise all agencies on the preparation of the analysis required by clause (2);

(4) approve the assignment of ad hoc advisory committees on science and technology research and development as needed; and

(5) review and comment upon, if the committee considers it to be necessary, the reports of the ad hoc advisory committees and forward the reports to the commissioner of trade and economic development and other interested parties.

Subd. 5. [AD HOC ADVISORY COMMITTEES.] To perform the duties required by subdivision 3, the committee may, from time to time, approve the creation and use of ad hoc advisory committees composed of three to 15 members each. The commissioner shall determine those persons in the state technically qualified for service on ad hoc advisory committees and keep a roster of the names of those persons. Members of the committee may be ad hoc committee members, but members of the committee may not be a majority of an ad hoc committee.

Subd. 6. [PEER REVIEW PROCESS.] An agency that funds scientifically and technologically related research or provides financial assistance to scientific or technologically related businesses shall establish a peer review system to evaluate the research and emerging technologies and those technologies that provide significant promise for the development of job creating businesses. The committee shall recommend guidelines for establishing effective peer review. An agency that funds scientifically and technologically related research shall, at least biennially, present to the committee or to ad hoc committees, as determined by the committee, a review and evaluation of the peer review process used in that agency.

Subd. 7. [AUTHORITY TO PERFORM REQUESTED EVALUATIONS.] The governor, any commissioner or director of a state agency, speaker of the house of representatives, minority leader of the house of representatives, senate majority leader, senate minority leader, chair of the house appropriations committee, chair of the senate finance committee, or any member of the legislature considering the introduction or approval of legislation containing funding for scientifically and technologically related research and development, may request the committee to evaluate a loan or grant made or to be made or the proposed legislation for funding scientifically and technologically related research and development to determine (i) whether it complies with the guidelines required by subdivision 4; (ii) whether it is technically feasible; and (iii) for development proposals, whether the proposal appears to have the potential for economic development. Ad hoc committees may be appointed by the permanent committee to perform these reviews.

Subd. 8. [AUTHORITY FOR REVIEW AND COMMENT UPON RESEARCH AND DEVELOPMENT PROGRAMS.] Each agency receiving an appropriation for the funding of scientifically and technologically related research and development shall notify the committee within 30 days of making a loan or grant for scientifically or technologically related research and development. The notice shall contain a copy of the grant or loan application and any contract or agreement under which the loan or grant was made. The committee must review scientifically and technologically related research funded by an agency to assess whether or not the research and development is conducted in accordance with the guidelines required by subdivision 4. The committee's assessment shall be sent to the legislature on or before January 15 of every odd-numbered year.

Subd. 9. [COMMITTEE STAFF.] The commissioner shall provide those staff members in the classified and unclassified services necessary to perform the functions of the committee.

Sec. 9. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the words "commissioner of energy and economic development" and "department of energy and economic development" wherever they appear in Minnesota Statutes to "commissioner of trade and economic development" and "department of trade and economic development" in the next and subsequent editions of the statutes.

Sec. 10. [TRANSFER.]

The responsibilities of the state planning agency in regard to the main street program and the community improvement program are transferred to the department of trade and economic development. Section 15.039 applies to this transfer.

ARTICLE 4

EDUCATION AND TRAINING PROGRAMS

Section 1. [136A.125] [SUPPLEMENTAL GRANTS TO DISPLACED RURAL WORKERS.]

Subdivision 1. [PROGRAM; ELIGIBILITY.] (a) The higher education coordinating board shall establish and administer the state supplemental education grant program to assist displaced workers in rural areas of the state in paying the costs of attending public, post-secondary educational institutions in the state. The board shall develop policies and procedures for the administration of grants,

including the allocation of funds to public post-secondary institutions.

(b) Only state residents who are enrolled in adult farm management programs or enrolled in a program designed to train people for employment are eligible to apply for grants under this section. Applicants must demonstrate financial need in accordance with policies and procedures established by the board. In developing eligibility policies, the board shall consider criteria for participation in state and federal programs designed to serve economically dislocated workers.

(c) The development of policies and procedures in accordance with this subdivision is not subject to chapter 14.

Subd. 2. [PART-TIME GRANTS.] Displaced workers in rural Minnesota areas are eligible to be considered for a part-time grant under section 136A.132. In awarding grants during the 1987-1989 biennium, participating post-secondary institutions shall consider the needs of displaced rural workers.

Subd. 3. [PUBLIC INFORMATION.] The board shall provide information to displaced workers in rural areas about post-secondary education opportunities and financial assistance to help them pay for their education, including existing state and federal programs and the state supplemental education grant program. The board shall develop and communicate the information in cooperation with the department of jobs and training, financial aid administrators, the agriculture extension service, and representatives of public and private post-secondary education institutions.

Sec. 2. [136C.043] [CUSTOMIZED RURAL TRAINING PROGRAM.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section: (a) "low-income" means equal to or below the nonmetropolitan median household income; (b) "principally" means at least 51 percent; and (c) "greater Minnesota" means the area of the state not included in the definition of area in section 473F.02, subdivision 2.

Subd. 2. [TRAINING PROGRAM.] The state board of vocational technical education may provide customized training for new or expanding businesses located in greater Minnesota if the projects are designed to principally benefit low-income persons. Expenses incurred in training for a specific business must be matched by that business. The match may be in the form of money, personnel, or equipment necessary for training. The state director shall determine the equity of a proposed match and ensure that it is of value to the state.

Subd. 3. [NEW BUSINESS SET-ASIDE.] The board may set aside up to 50 percent of the amount available for the training program to provide customized training grants for new businesses locating in greater Minnesota. A set-aside grant may not be made for a business located within the state that relocates to greater Minnesota. Any amount left in the set-aside program at the end of the 1988 fiscal year may be used for the customized training program established in subdivision 2.

Sec. 3. [APPROPRIATION.]

\$250,000 is appropriated from the general fund to the higher education coordinating board for the state supplemental education grant program established in section 2, to be available until expended. The board may spend up to \$500,000 of any projected unobligated balance in 1988-1989 agency appropriations for the grant program in section 1.

Sec. 4. [APPROPRIATION.]

\$250,000 is appropriated from the general fund to the board of vocational technical education for the customized training program established in section 2.

ARTICLE 5

NATURAL RESOURCES

Section 1. [93.001] [POLICY FOR MINERAL DEVELOPMENT.]

It is the policy of the state to provide for the diversification of the state's mineral economy through long-term support of mineral exploration, evaluation, development, production, and commercialization.

Sec. 2. [93.002] [MINERAL COORDINATING COMMITTEE.]

Subdivision 1. [ESTABLISHMENT.] The mineral coordinating committee is established to plan for diversified mineral development. The mineral coordinating committee consists of the director of the minerals division of the department of natural resources, the director of the Minnesota geological survey, the director of the University of Minnesota mineral resources research center, and the director of the natural resources research institute. The director of the minerals division of the department of natural resources shall serve as chair. A member of the committee may designate another person of the member's organization to act in the member's place. The commissioner of natural resources shall provide staff and administrative services necessary for the committee's activities.

Subd. 2. [MINERAL DIVERSIFICATION PLAN.] The mineral coordinating committee shall prepare and adopt a ten-year plan for mineral diversification. The plan must include a strategy to:

- (1) increase the knowledge of the state's mineral potential;
- (2) stimulate the development of mineral resources in the state; and
- (3) provide for basic minerals research.

The plan must also include a two-year plan that establishes funding priorities for the minerals programs under subdivision 3. The funding priorities must be updated every two years.

Subd. 3. [MINERALS PROGRAMS.] The mineral diversification plan must consider at least the following: aeromagnetic surveys, glacial till geochemistry surveys, geologic drilling and mapping, LMIC minerals data base, drill core examination and assay, industrial minerals characterization and research, bedrock geochemistry, nonferrous minerals research, reclamation studies, economic evaluation of mineral resources, improved geophysical and remote sensing base, acquisition of sampling equipment and analyses, determination of mineral rights ownership, ferrous minerals research, evaluation of mineral resource occurrence, evaluation of value-added processes, ore deposit modeling, and basic mineral research.

Subd. 4. [SUBMISSION OF PLAN AND FUNDING PRIORITIES.] (a) The minerals coordinating committee shall submit the minerals diversification plan to the legislature by December 31, 1987.

(b) By January 15 of each odd-numbered year, the minerals coordinating committee shall submit the two-year funding priority plan required under subdivision 2 to the chairs of the house appropriations and environment and natural resources committee and the chairs of the senate finance and environment and natural resources committee.

Sec. 3. [APPROPRIATION.]

Subdivision 1. [MINERALS PROGRAMS.] \$1,000,000 is appropriated from the general fund to the commissioner of natural resources to accelerate geological mapping of the state, accelerate evaluation of the state's mineral potential and other natural resources, and provide analytical support for the minerals industry according to the mineral diversification plan or a minerals industry acceleration plan developed by the minerals coordinating commit-

tee. \$500,000 is for fiscal year 1988 and \$500,000 is for fiscal year 1989.

Subd. 2. [COUNTY FORESTRY ASSISTANCE PROGRAMS.] \$1,000,000 is appropriated from the general fund to the commissioner of natural resources for grants to counties or groups of counties for county forestry assistance programs. \$500,000 is for fiscal year 1988 and \$500,000 is for fiscal year 1989. The commissioner of natural resources shall make the appropriation available to counties with the amount proportional to the acreage of forested tax-forfeited land managed by the county. As a condition of receiving money, the commissioner of natural resources shall require work plans, semiannual progress reports, and final project reports.

ARTICLE 6

URBAN NEIGHBORHOOD REVITALIZATION

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

281.17 [PERIOD FOR REDEMPTION.]

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

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

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

Sec. 2. Minnesota Statutes 1986, section 429.061, subdivision 2, is amended to read:

Subd. 2. [ADOPTION; INTEREST.] At such meeting or at any adjournment thereof the council shall hear and pass upon all objections to the proposed assessment, whether presented orally or in writing. The council may amend the proposed assessment as to any parcel and by resolution adopt the same as the special assessment against the lands named in the assessment roll. Notice of any adjournment of the hearing shall be adequate if the minutes of the meeting so adjourned show the time and place when and where the hearing is to be continued.

The council may consider any objection to the amount of a proposed assessment as to a specific parcel of land at an adjourned hearing upon further notice to the affected property owner as it deems advisable. At the adjourned hearing the council or a committee of it may hear further written or oral testimony on behalf of the objecting property owner and may consider further written or oral testimony from appropriate city officials and other witnesses as to the amount of the assessment. The council or committee shall prepare a record of the proceedings at the adjourned hearing and written findings as to the amount of the assessment. The amount of the assessment as finally determined by the council shall become a part of the adopted assessment roll. No appeal may be taken as to the amount of any assessment adopted under this section unless written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. All objections to the assessments not received at the assessment hearing in the manner prescribed by this subdivision are waived, unless the failure to object at the assessment hearing is due to a reasonable cause.

If the adopted assessment differs from the proposed assessment as to any particular lot, piece, or parcel of land, the clerk must mail to the owner a notice stating the amount of the adopted assessment. Owners must also be notified by mail of any changes adopted by the council in interest rates or prepayment requirements from those contained in the notice of the proposed assessment.

The assessment, with accruing interest, shall be a lien upon all private and public property included therein, from the date of the resolution adopting the assessment, concurrent with general taxes; but the lien shall not be enforceable against public property as long as it is publicly owned, and during such period the assessment shall be recoverable from the owner of such property only in the manner and to the extent provided in section 435.19. Except as provided below, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines, payable on the first Monday in January in each year, but the number of installments need not be uniform for all assessments included in a single assessment roll if a uniform criterion for determining the number of installments is provided by the resolution. Assessments on property located in a targeted neighborhood as

defined in section 6 do not have to be payable in equal annual installments if the resolution provides for a variable payment. The first installment of each assessment shall be included in the first tax rolls completed after its adoption and shall be payable in the same year as the taxes contained therein; except that the payment of the first installment of any assessment levied upon unimproved property may be deferred until a designated future year, or until the platting of the property or the construction of improvements thereon, upon such terms and conditions and based upon such standards and criteria as may be provided by resolution of the council. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. In any event, every assessment the payment of which is so deferred, when it becomes payable, shall be divided into a number of installments such that the last installment thereof will be payable not more than 30 years after the levy of the assessment. All assessments shall bear interest at such rate as the resolution determines, not exceeding eight percent per annum, except that the rate may in any event equal the average annual interest rate on bonds issued to finance the improvement for which the assessments are levied. To the first installment of each assessment shall be added interest on the entire assessment from a date specified in the resolution levying the assessment, not earlier than the date of the resolution, until December 31 of the year in which the first installment is payable, and to each subsequent installment shall be added interest for one year on all unpaid installments; or alternatively, any assessment may be made payable in equal annual installments including principal and interest, each in the amount annually required to pay the principal over such period with interest at such rate as the resolution determines, not exceeding the maximum period and rate specified above. In the latter event no prepayment shall be accepted under subdivision 3 without payment of all installments due to and including December 31 of the year of prepayment, together with the original principal amount reduced only by the amounts of principal included in such installments, computed on an annual amortization basis. When payment of an assessment is deferred, as authorized in this subdivision, interest thereon for the period of deferment may be made payable annually at the same times as the principal installments of the assessment would have been payable if not deferred; or interest for this period may be added to the principal amount of the assessment when it becomes payable; or, if so provided in the resolution levying the assessment, interest thereon to December 31 of the year before the first installment is payable may be forgiven.

Sec. 3. Minnesota Statutes 1986, section 462.445, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers

necessary or convenient to carry out the purposes of sections 462.415 to 462.705 (but not the power to levy and collect taxes or special assessments except as provided in sections 462.515 to 462.545 with respect to redevelopment projects only) including the following powers in addition to others granted in these sections:

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

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

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

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

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

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

(7) Within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) of this subdivision, including by the exercise of the power of eminent

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

(8) Within its area of operation to determine the level of income constituting low or moderate family income. Such income level shall be that level below which there is not available within the area of operation a substantial supply of decent, safe and sanitary housing provided by private enterprise without subsidy at prices or rents within the financial means of persons and families of such incomes. The authority may establish various income levels for various family sizes. In making its determination the authority may consider income levels which may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use such determination as a basis for the maximum amount of income for admissions to housing development projects owned or operated by it;

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

Sec. 4. [FINDINGS AND PURPOSE.]

The legislature finds that certain neighborhoods in the cities of Minneapolis and Saint Paul are socially and economically distressed

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

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

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

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

Sec. 5. [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] For the purposes of sections 4 to 12, the following terms have the meaning given them.

Subd. 2. [CITY.] "City" means the city of Minneapolis or the city of Saint Paul. For each city, any port authority, housing and redevelopment authority, or other agency or instrumentality, the

jurisdiction of which is the territory of either city, shall be included within the meaning of city.

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

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

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

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

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

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

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

(6) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued by a city for a project or program related to the implementation of a revitalization program;

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

City matching money does not include:

(1) city money used to provide a service or exercise a function that is ordinarily provided throughout the city unless an increased level of the service or function is to be provided in a targeted neighborhood in accordance with a revitalization program;

(2) the proceeds of any revenue bonds issued by the city under chapter 458, 462C, 472, or 474; or

(3) any administrative expenses that are incurred in connection with the planning or implementation of sections 4 to 12.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of trade and economic development.

Subd. 6. [LOST UNIT.] "Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit that is not a cooperative, converted to a nonresidential use, or if the gross rent to be charged exceeds 125 percent of the gross rent charged for the unit six months prior to the start of rehabilitation.

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

Subd. 8. [TARGETED NEIGHBORHOOD FUNDS.] "Targeted neighborhood funds" means the funds designated in the revitalization program to be used to implement the revitalization program.

Subd. 9. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.] "Targeted neighborhood revitalization and financing program," "revitalization program," or "program" means the targeted neighborhood revitalization and financing program adopted in accordance with section 7.

Sec. 6. [DESIGNATION OF TARGETED NEIGHBORHOODS.]

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

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designation as a targeted neighborhood if the area meets two of the following three requirements:

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

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint

Paul standard metropolitan statistical area as determined by the 1980 federal decennial census.

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

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

Sec. 7. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.]

Subdivision 1: [COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.] (a) For each targeted neighborhood for which a city requests state financial assistance under section 8, the city must prepare a comprehensive revitalization and financing program that includes the following:

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

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

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

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur; and

(5) a financing program and budget that identifies the financial resources necessary to implement the revitalization program.

(b) The financing program and budget must include the following items:

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

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

(3) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 8 to implement the revitalization program;

(4) the estimated amount of the appropriation available under section 8 that will be necessary to implement the revitalization program;

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

(6) a statement of how the city intends to meet the requirement for a financial contribution matching the state appropriation from city matching funds in accordance with section 8, subdivision 3.

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN REVITALIZATION PROGRAM DEVELOPMENT.] The city must develop a process to consult the residents in the targeted neighborhood concerning the development, drafting, and implementation of the revitalization program. The process may include the establishment of an advisory board in each city as provided for in subdivision 3 to assist the city in implementing the urban revitalization action act. The process must include at least one public hearing in addition to any public hearing held by the advisory board.

Subd. 3. [ADVISORY BOARD.] The governing body of the city may establish a seven-member advisory board to assist the city in implementing sections 4 to 12. The advisory board shall consist of one city council member appointed by the city council, one county commissioner appointed by the county board of the county in which the city is located, two legislators appointed by the city legislative delegation, and three residents who reside in a targeted neighborhood appointed by the city council. The advisory board shall advise the city on the preparation of the revitalization program including the conversion from absent-owner rental housing to home ownership, the promotion of commercial and industrial growth in targeted neighborhoods, and the integration of human service programs and the redevelopment in targeted neighborhoods.

Subd. 4. [PRELIMINARY CITY REVIEW; STATE AGENCY REVIEW.] Before adoption of the revitalization program under subdivision 5, the city must submit a draft program to the commissioner and the Minnesota housing finance agency for their comment. The

city may not adopt the revitalization program until comments have been received from the state agencies or 30 days have elapsed without response after the program was sent to them. Comments received by the city from the state agencies within the 30-day period must be responded to in writing by the city before adoption of the program by the city.

Subd. 5. [CITY APPROVAL.] The city may adopt the revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days prior to the date of the hearing.

Subd. 6. [PROGRAM CERTIFICATION.] A certification by the city that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the Minnesota housing finance agency.

Subd. 7. [REVITALIZATION PROGRAM MODIFICATION.] The revitalization program may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing. If the city council determines that the proposed modification is a significant modification to the program originally certified under subdivision 6, it must implement the revitalization program approval process of subdivisions 2 to 6 for the proposed modification. If the proposed modification will require an increase in the amount of state appropriation available under section 8 for the revitalization program, the commissioner and the Minnesota housing finance agency must be notified and afforded an opportunity to comment on it in accordance with subdivision 4. Any modification to the revitalization program must be certified to the commissioner as provided in subdivision 6.

Subd. 8. [DISPLACEMENT.] In the event the activities of an approved revitalization and financing program cause the direct displacement of households with incomes less than 200 percent of the poverty levels as determined by the United States Department of Health and Human Services, the city shall provide opportunities for all such displaced households to secure standard, affordable replacement housing within the targeted neighborhood in which the displacement occurs.

Sec. 8. [PAYMENT; CITY MATCHING MONEY; DRAWDOWN; USE OF STATE MONEY.]

Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receipt from a city of the certification that a revitalization program has been adopted or modified, the commissioner must, within 30 days, pay to the city the amount of state money identified as necessary to implement the revitalization program or program modification. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes targeted neighborhood money for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on its use under sections 4 to 12.

Subd. 2. [ALLOCATION.] A city may receive a part of the appropriations made available that is the proportion that the population of that city bears to the combined population of Minneapolis and Saint Paul. One city may agree to reduce its entitlement amount so that the other may receive an amount more than its entitlement amount. The population of each city for the purposes of this subdivision is determined according to the most recent estimates available to the commissioner. Interest earned by a city from money paid to the city must be repaid to the commissioner annually unless the revitalization program identifies the interest as necessary to implement the revitalization program and the requirement for city matching money is satisfied with respect to the interest.

Subd. 3. [CITY MATCHING MONEY; DRAWDOWN OF STATE MONEY; RESTRICTION ON USE OF STATE MONEY.] A city may spend state money only if the revitalization program identifies city matching money to be used to implement the program in an amount equal to the state appropriation. A city must keep the state money in a segregated fund for accounting purposes. No state money may be used to pay the general administrative expenses of a city that are incurred in connection with the planning or implementation of sections 4 to 12.

Sec. 9. [CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.]

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

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

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

Sec. 10. [HAZARDOUS BUILDING PENALTY.]

A city may assess a penalty equal to one percent of the assessed value of a building located in a targeted neighborhood defined in section 6 that the city determined to be hazardous as defined in Minnesota Statutes, section 463.15, subdivision 3. If the owner of the building has not paid the penalty within 30 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to Minnesota Statutes, chapters 279, 280, and 281 in the same manner as delinquent property taxes.

Sec. 11. [ANNUAL AUDIT AND REPORT.]

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] In 1988 and subsequent years, at the end of each calendar year, the legislative auditor shall conduct a financial audit to review the spending of state money under sections 4 to 12. Before spending any state funds to implement a revitalization program, the city must consult with the legislative auditor to determine appropriate accounting methods and principles that will assist the legislative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the commissioner, and the Minnesota housing finance agency.

Subd. 2. [ANNUAL REPORT.] A city that begins to implement a revitalization program in any calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 7, subdivision 1, clause (a), are being achieved. The report must include at least the following:

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

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

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

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

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

The report must be submitted to the commissioner, the Minnesota housing finance agency, and the legislative audit commission, and must be available to the public.

Sec. 12. [APPROPRIATION; DISTRIBUTION.]

\$3,000,000 is appropriated from the general fund to the commissioner of energy and economic development for disbursement to the cities of Minneapolis and Saint Paul as provided in section 8, to be available until June 30, 1989.

Sec. 13. [EFFECTIVE DATE; LOCAL APPROVAL.]

Sections 4 to 12 are effective for the city of Minneapolis the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Minneapolis.

Sections 4 to 12 are effective for the city of Saint Paul the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Saint Paul."

Delete the title and insert:

"A bill for an act relating to economic development; rural development; renaming and providing new powers to the agricultural resource loan guaranty board; establishing a mineral resources program; changing a department name to trade and economic

development; establishing a community development division in the department of trade and economic development; establishing the Greater Minnesota Corporation; establishing the rural development board; establishing the customized training program; establishing the state supplemental education grant program; authorizing certain activities and requiring certain studies; establishing an urban neighborhood revitalization program; establishing a committee on science and technology; appropriating money; amending Minnesota Statutes 1986, sections 11A.24, by adding a subdivision; 15.01; 41A.01; 41A.02, subdivisions 3, 4, 5, 6, and 11; 41A.04, subdivision 1; 41A.05, subdivisions 1 and 2; 116J.01; 116J.03; 116J.951, subdivision 2, and by adding subdivisions; 116J.955; 116J.961, subdivisions 1, 5, 6, 8, and 10; 116M.04; 281.17; 429.061, subdivision 2; and 462.445, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 16A; 41A; 93; 116J; 136A; and 136C; proposing coding for new law as Minnesota Statutes, chapter 116N."

With the recommendation that when so amended the bill pass.

Carlson, D.; Johnson, V.; Stanius; Forsythe; Miller; Haukoos; Poppenhagen and Seaberg offered a Minority Report to the Majority Report from the Committee on Appropriations relating to S. F. No. 1.

POINT OF ORDER

Vanasek raised a point of order pursuant to rule 3.9 that the Minority Report to the Majority Report from the Committee on Appropriations relating to S. F. No. 1 was not in order. The Speaker ruled the point of order well taken and the Minority Report out of order.

Schreiber appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 82 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clark	Jensen	Knuth	Milbert
Battaglia	Cooper	Johnson, A.	Kostohryz	Minne
Bauerly	Dauner	Johnson, R.	Krueger	Munger
Beard	DeBlicke	Kahn	Larsen	Murphy
Begich	Dorn	Kalis	Lasley	Nelson, C.
Bertram	Greenfield	Kelly	Lieder	Nelson, D.
Brown	Jacobs	Kelso	Long	Nelson, K.
Carlson, L.	Jefferson	Kinkel	McEachern	Neuenschwander
Carruthers	Jennings	Kludt	McLaughlin	O'Connor

Ogren	Peterson	Rukavina	Sparby	Welle
Olson, E.	Price	Sarna	Steensma	Wenzel
Olson, K.	Quinn	Scheid	Trimble	Winter
Orenstein	Reding	Schoenfeld	Tunheim	Wynia
Osthoff	Rest	Segal	Vanasek	Spk. Norton
Otis	Rice	Simoneau	Vellenga	
Pappas	Riveness	Skoglund	Voss	
Pelowski	Rodosovich	Solberg	Wagenius	

Those who voted in the negative were:

Bennett	Frerichs	Knickerbocker	Ozment	Shaver
Bishop	Gruenes	Marsh	Pauly	Stanius
Blatz	Gutknecht	McDonald	Poppenhagen	Sviggum
Burger	Hartle	McKasy	Quist	Swenson
Clausnitzer	Haukoos	McPherson	Redalen	Thiede
Dempsey	Heap	Miller	Richter	Tjornhom
Dille	Himle	Olsen, S.	Rose	Tompkins
Forsythe	Hugoson	Omann	Schafer	Valento
Frederick	Johnson, V.	Onnen	Schreiber	Waltman

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

The question recurred on the adoption of the Committee Report from the Committee on Appropriations relating to S. F. No. 1. The Committee Report on S. F. No. 1 was adopted.

SECOND READING OF SENATE BILLS

S. F. No. 1 was read for the second time.

SPECIAL ORDERS, Continued

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

Kelly moved that the name of Jennings be added as an author on H. F. No. 705. The motion prevailed.

Milbert moved that the names of Osthoff and Orenstein be added as authors on H. F. No. 1297. The motion prevailed.

Jacobs moved that the name of Kelly be added as an author on H. F. No. 1580. The motion prevailed.

Johnson, R., moved that the name of Ogren be added as an author on H. F. No. 1664. The motion prevailed.

Lieder moved that H. F. No. 1554 be recalled from the Committee on Transportation and be re-referred to the Committee on Taxes. The motion prevailed.

Wenzel moved that H. F. No. 1612 be returned to its author. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 706:

Kelly, Seaberg and Pappas.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 230:

Uphus, Tunheim and Nelson, C.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1159:

Simoneau, Reding and Knickerbocker.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 785:

Segal, Kelly and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1323:

Bishop, Rest and Carruthers.

ADJOURNMENT

Vanasek moved that when the House adjourns today it adjourn until 11:00 a.m., Tuesday, May 12, 1987. The motion prevailed.

Vanasek moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Tuesday, May 12, 1987.

EDWARD A. BURDICK, Chief Clerk, House of Representatives