

STATE OF MINNESOTA

SEVENTY-FIFTH SESSION—1988

SEVENTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MARCH 24, 1988

The House of Representatives convened at 1:00 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by the Reverend Kathi Austin Mahle, Champlin and Riverview United Methodist Churches, Champlin and Brooklyn Park, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Stanius was excused.

Jefferson was excused until 1:40 p.m. Beard was excused until 3:10 p.m.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. No. 2245 and S. F. Nos. 1948, 1970, 2117, 2137, 1701, 1721, 1742, 1749, 1826, 1822, 995, 1086, 1121, 1564, 1587, 1867, 1875, 1918, 1861, 1228, 1620, 1646, 1673 and 1686 have been placed in the members' files.

S. F. No. 1701 and H. F. No. 2653, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Orenstein moved that the rules be so far suspended that S. F. No. 1701 be substituted for H. F. No. 2653 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1875 and H. F. No. 2115, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McLaughlin moved that the rules be so far suspended that S. F. No. 1875 be substituted for H. F. No. 2115 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1673 and H. F. No. 1822, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Gruenes moved that the rules be so far suspended that S. F. No. 1673 be substituted for H. F. No. 1822 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1822 and H. F. No. 2091, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Jacobs moved that S. F. No. 1822 be substituted for H. F. No. 2091 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1970 and H. F. No. 2415, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dauner moved that S. F. No. 1970 be substituted for H. F. No. 2415 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1646 and H. F. No. 1794, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

DeBlieck moved that the rules be so far suspended that S. F. No. 1646 be substituted for H. F. No. 1794 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1721 and H. F. No. 2584, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Pappas moved that the rules be so far suspended that S. F. No. 1721 be substituted for H. F. No. 2584 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2137 and H. F. No. 2441, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Kelso moved that the rules be so far suspended that S. F. No. 2137 be substituted for H. F. No. 2441 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1686 and H. F. No. 2364, which had been referred to the

Chief Clerk for comparison, were examined and found to be identical.

Brown moved that S. F. No. 1686 be substituted for H. F. No. 2364 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1749 and H. F. No. 1860, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions:

SUSPENSION OF RULES

Sarna moved that the rules be so far suspended that S. F. No. 1749 be substituted for H. F. No. 1860 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1948 and H. F. No. 2016, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Rukavina moved that S. F. No. 1948 be substituted for H. F. No. 2016 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1620 and H. F. No. 2080, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dorn moved that S. F. No. 1620 be substituted for H. F. No. 2080 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1564 and H. F. No. 1733, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Dempsey moved that the rules be so far suspended that S. F. No. 1564 be substituted for H. F. No. 1733 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1587 and H. F. No. 1952, which had been referred to the

Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Johnson, A., moved that the rules be so far suspended that S. F. No. 1587 be substituted for H. F. No. 1952 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2117 and H. F. No. 2197, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Rose moved that the rules be so far suspended that S. F. No. 2117 be substituted for H. F. No. 2197 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1742 and H. F. No. 1991, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sparby moved that the rules be so far suspended that S. F. No. 1742 be substituted for H. F. No. 1991 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1867 and H. F. No. 1996, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Reding moved that the rules be so far suspended that S. F. No. 1867 be substituted for H. F. No. 1996 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

March 22, 1988

The Honorable Robert Vanasek
Speaker of the House of Representatives
The State of Minnesota

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 1884, relating to state lands; authorizing private conveyance of tax-forfeited land in Beltrami county.

Sincerely,

RUDY PERPICH
Governor

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

March 23, 1988

The Honorable Robert Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Date Approved 1988</i>	<i>Date Filed 1988</i>
1594		411	March 22	March 22
	1884	412	March 22	March 22

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

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

H. F. No. 125, A bill for an act relating to financial institutions; permitting interstate banking with an additional reciprocating state; amending Minnesota Statutes 1986, section 48.92, subdivision 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 48.92, subdivision 7, is amended to read:

Subd. 7. [RECIPROCATING STATE.] "Reciprocating state" is: (1) a state that authorizes the acquisition, directly or indirectly, or control of, banks in that state by a bank or bank holding company located in this state under conditions substantially similar to those imposed by the laws of Minnesota as determined by the commissioner; and (2) limited to the states of Iowa, North Dakota, South Dakota, ~~and Wisconsin~~, Idaho, Montana, Nebraska, Washington, and Wyoming.

Sec. 2. Minnesota Statutes 1986, section 48.93, subdivision 4, is amended to read:

Subd. 4. [DISAPPROVAL.] The commissioner shall disapprove any proposed acquisition if:

(1) the financial condition of any acquiring person is such as might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank;

(2) the competence, experience, integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public to permit the person to control the bank;

(3) the acquisition will result in undue concentration of resources or substantial lessening of competition in this state;

(4) the application fails to adequately demonstrate that the acquisition proposal would bring net new funds into Minnesota; or

(5) the application is incomplete or any acquiring party neglects,

fails, or refuses to furnish all the information required by the commissioner;

(6) the bank has failed to meet the requirements set forth in the federal Community Reinvestment Act, and sections 48.97, 48.991, and 48.993; or

(7) the acquisition will result in over 30 percent of Minnesota's total banking deposits being held by banks located in this state owned by a reciprocating state bank holding company. This limitation shall not apply to consideration for approval pursuant to section 48.99, special acquisitions.

Sec. 3. Minnesota Statutes 1986, section 48.95, subdivision 1, is amended to read:

Subdivision 1. [DIVESTITURE; CEASE AND DESIST.] In the event a reciprocating state bank holding company makes an acquisition other than in full compliance with the requirements and procedures of Laws 1986, chapter 339, the commissioner may:

(1) by order immediately require the reciprocating state bank holding company to divest itself of its direct or indirect ownership or control of any bank located in this state; or

(2) by order require the reciprocating state bank holding company to cease and desist the violations by a date certain. The order would be subject to the procedures applicable to cease and desist proceedings pursuant to sections 46.23 to 46.33 and any applicable rules; or

(3) in the event control of a bank located in this state is acquired by a bank holding company that is not a reciprocating state bank holding company as a result of change of control of a reciprocating state bank holding company, the acquiring bank holding company shall divest itself of control of the bank located in this state within two years of the date of its acquisition of control of the bank.

Sec. 4. Minnesota Statutes 1986, section 48.991, is amended to read:

48.991 [DEVELOPMENTAL LOANS.]

A financial institution located in this state ~~owned by an interstate bank holding company~~ shall provide a level of developmental loans as defined by the commissioner by rule. In establishing the developmental loan levels for financial institutions, the commissioner may consider the developmental loan performance of financially stable financial institutions of comparable or smaller size that have above average levels of activity in developmental loans in reciprocating states as defined in section 48.92, subdivision 7. A "develop-

mental loan" includes, but is not limited to, (1) loans for low and moderate income housing, loans to community development corporations, loans to woman and minority owned businesses, student education loans, and alternative energy or energy conservation loans, and (2) loans within distressed areas and on any Indian reservation for any commercial nonreal estate purpose, home loans, home improvement loans, and operating loans to family farmers. The commissioner of commerce shall annually designate distressed areas. A distressed area may be made for a geographic region smaller than a county within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The determination of a distressed area should be made on the area's unemployment rate, economic conditions, and credit needs.

Sec. 5. [48.993] [ANNUAL REPORTING OF COMMUNITY RE-INVESTMENT ACTIVITIES BY BANKS.]

Subdivision 1. [INVESTMENT; REPORTING REQUIREMENTS.] Every bank organized under the laws of this state or the United States and doing business in this state as defined by section 48.92, subdivision 6, clause (1), shall fully and accurately disclose in an annual report to the commissioner of commerce the same information required of financial institutions located in this state owned by an interstate bank holding company pursuant to section 48.97, subdivisions 2 to 4, and the rules adopted in connection with sections 48.97 and 48.991.

Subd. 2. [COMPLIANCE BY BANK HOLDING COMPANIES.] Any corporation qualifying as a bank holding company as defined in the Bank Holding Company Act of 1956, as amended, with banking subsidiaries described in subdivision 1, must meet the requirements of this section in the event of noncompliance with this section for any reason by their banking subsidiaries.

Subd. 3. [FAILURE TO COMPLY.] Failure to comply with this section by any bank or bank holding company is to be considered a violation for purposes of chapter 45. Violators are subject to the penalties in section 45.027."

Delete the title and insert:

"A bill for an act relating to financial institutions; regulating reciprocal interstate banking; permitting interstate banking with additional states; requiring banks to report on community reinvestment activities; amending Minnesota Statutes 1986, sections 48.92, subdivision 7; 48.93, subdivision 4; 48.95, subdivision 1; and 48.991; proposing coding for new law in Minnesota Statutes, chapter 48."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 445, A bill for an act relating to commerce; permitting certain charitable trusts to dispose of certain bank assets; proposing coding for new law in Minnesota Statutes, chapter 501.

Reported the same back with the following amendments:

Page 2, after line 6, insert:

"Subd. 4. [ADDITIONAL ACQUISITIONS.] Any bank holding company, other than a reciprocating state bank holding company, as defined in section 48.92, subdivision 8, that directly or indirectly acquires control of a bank located in this state under the provisions of this section may not directly or indirectly acquire control of any other bank located in this state until the bank holding company becomes a reciprocating state bank holding company. This section shall not prohibit the bank holding company from being granted a charter for a de novo bank in this state. A de novo bank authorized by this section may establish de novo detached facilities pursuant to Minnesota law, but may not acquire existing banks or detached facilities through merger, consolidation, or purchase and assumption."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1874, A bill for an act relating to the metropolitan airports commission; setting the borrowing authority of the commission; amending Minnesota Statutes 1986, section 473.667, subdivision 2.

Reported the same back with the following amendments:

Page 1, after line 22, insert:

"Sec. 2. [ENVIRONMENTAL REVIEW.]

The commission shall prepare an environmental impact statement under Minnesota Statutes, chapter 116D on the environmental effects of the commission's capital improvement plan at each airport owned and operated by the commission. The scope of statements required under this section is limited to only those projects in the plan for an airport that meet the following conditions:

(a) The project will be financed in whole or part by bonds issued under section 1.

(b) The project requires the construction of a new, or the expansion of an existing, structure for handling passengers, ground traffic, or aircraft maintenance.

(c) An environmental review on the project individually has not already begun under state or federal law.

(d) The project has not previously been subject to environmental review under this section.

A project for which all governmental decisions that are necessary to authorize construction have been made before the effective date of this section may proceed, but the project must be included in the environmental review required by this section.

Sec. 3. [REPORT.]

The commission shall report to the legislature by January 1, 1989, on the conditions that it has attached or proposes to attach to leases and to action on projects in its capital improvement plan, for the purpose of advancing the commission's noise control program at airports owned and operated by the commission."

Renumber sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon insert "providing for environmental review and reports;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2010, A bill for an act relating to credit unions; permitting managers to be directors; providing conditions for the expulsion of members; amending Minnesota Statutes 1986, sections 52.08; and 52.19.

Reported the same back with the following amendments:

Page 2, delete lines 24 to 27 and insert:

“(1) failure to purchase and maintain at least one credit union share or to pay entrance or membership fees, if any; or

(2) causing monetary loss to the credit union.”

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2201, A bill for an act relating to financial institutions; savings and loan associations; defining terms; adding clarifying language; regulating incorporations; regulating mutual to stock conversions; providing for corporate governance of capital stock associations; regulating the powers of saving associations; regulating deposit accounts; regulating investments; regulating terms and conditions of loans, contracts, and extensions of credit; providing state-chartered savings associations the same rights and powers that may be exercised by a federal savings association doing business in Minnesota; amending Minnesota Statutes 1986, sections 51A.02; 51A.03, by adding a subdivision; 51A.041, subdivisions 1 and 4; 51A.05, subdivision 1, and by adding a subdivision; 51A.06, subdivision 3; 51A.065, subdivisions 1, 3, 4, 8, and by adding a subdivision; 51A.07; 51A.10; 51A.11, subdivision 1; 51A.12; 51A.13; 51A.15, subdivision 2; 51A.17; 51A.19, subdivisions 1, 8, and 10; 51A.21, subdivisions 1, 5, 7, 9, 14, 15, 17, 21, and by adding subdivisions; 51A.22, subdivision 2; 51A.251; 51A.261; 51A.262; 51A.28; 51A.31, subdivision 1; 51A.32; 51A.35; 51A.361; 51A.37, subdivisions 1, 2, 3, 4, and by adding subdivisions; 51A.38, subdivisions 1, 2, 3, 4, 5, 7, and 8; 51A.40; 51A.44, subdivision 1; 51A.48; 51A.50; 51A.51, subdivision 1; 51A.53; 51A.56; 118.005, subdivision 1; Minnesota Statutes 1987 Supplement, section 51A.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 51A; repealing Minnesota Statutes 1986, sections 51A.03, subdivision 2a; 51A.05, subdivisions 3, 4, and 5; 51A.091; 51A.11, subdivision 3; 51A.18; 51A.19, subdivisions 2 and 3; 51A.21, subdivision 6; 51A.23, subdivisions 2, 3, 4, and 5; 51A.37, subdivisions 7 and 9; 51A.38, subdivision 6; and 51A.39.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [48.194] [INSTALLMENT SALES CONTRACTS; LOANS.]

A person may enter into a credit sale or service contract for sale to a state or national bank doing business in this state, and a bank

may purchase and enforce the contract under the terms and conditions set forth in section 66, subdivision 2. A state bank or national bank may extend credit pursuant to the terms and conditions set forth in section 66.

Sec. 2. Minnesota Statutes 1986, section 51A.02, is amended to read:

51A.02 [DEFINITIONS.]

Subdivision 1. [SCOPE.] When used in sections 51A.01 to 51A.57, the words and phrases defined in this section have the meanings given them, except to the extent that any such word or phrase specifically is qualified by its context.

Subd. 2. [AFFILIATE.] "Affiliate" means a person or organization controlled by, controlling, or under common control with another person or organization.

Subd. 3. [AGREEMENT.] "Agreement" means the bargain of the parties in fact as found in their contract language or by implication from other circumstances including course of dealings, usage of trade, or course of performance.

Subd. 4. [AGRICULTURAL PURPOSE.] "Agricultural purpose" means a purpose relating to the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products. "Agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, and their products, including processed and manufactured products, and products raised or produced on farms, including processed or manufactured products.

Subd. 5. [AMOUNT FINANCED.] "Amount financed" has the meaning given the term in the Code of Federal Regulations, title 12, part 226.

Subd. 6. [ANNUAL PERCENTAGE RATE.] "Annual percentage rate" has the meaning given the term in the Code of Federal Regulations, title 12, part 226.

Subd. 7. [ASSOCIATION.] "Association" means a mutual or capital stock savings association or savings and loan association subject to chartered under the provisions of sections 51A.01 to 51A.57.

Subd. 8. [BRANCH OFFICE.] "Branch office" means an office other than the home office at which deposit accounts are opened and loans are made.

Subd. 9. [BUSINESS PURPOSE.] "Business purpose" means a purpose other than personal, family, household, or agricultural purpose.

Subd. 2a 10. [CAPITAL STOCK.] "Capital stock" means the aggregate of shares of nonwithdrawable capital issued by a capital stock association, but does not include nonwithdrawable capital represented by capital certificates.

Subd. 11. [CARD ISSUER.] "Card issuer" means a person who provides credit by issuing a credit card.

Subd. 12. [CARDHOLDER.] "Cardholder" means a person to whom a credit card is issued or who has agreed with the card issuer to pay obligations arising from the issuance to or use of the card by another person.

Subd. 3 13. [COMMISSIONER.] "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. 4. [DIRECT REDUCTION LOAN.] "Direct reduction loan" means a loan or other obligation repayable in consecutive monthly installments, equal or unequal, beginning not later than 90 days after the date of the advance, sufficient to retire the debt, interest, and principal within 40 years, the initial contract of which shall not provide for any subsequent monthly installment of interest and principal of an amount larger than any previous monthly installment, except that provisions may be contained in the contract which specify that one or more consecutive monthly installments may be lapsed to the extent that monthly installments have been made ahead of schedule or, in the event of an emergency to the borrower affecting the borrower's ability to pay, to the extent of no more than six monthly installments but that nevertheless the full amount of principal and interest shall be paid within the scheduled term of the loan; provided, that in the case of construction loans the first installment under the contract shall be payable not later than 18 months after the date of the first advance. The loan or obligation is an amortized loan.

Subd. 4a. [DIRECT REDUCTION LOAN.] Pursuant to rules the commissioner finds necessary and proper "direct reduction loan" also means renegotiable rate notes or bonds secured by mortgages or trust deeds where the notes or bonds do not exceed 95 percent of the appraised value of the security for the same.

For the purposes of this subdivision, a renegotiable rate mortgage loan is a loan issued for a term of three years to five years, secured by a mortgage maturing in not to exceed 30 years, and automatically renewable at equal intervals after the original loan term which may be up to six months shorter or longer than subsequent terms. The loan must be repayable in equal monthly installments of

principal and interest during the loan term, in an amount at least sufficient to amortize a loan with the same principal and at the same interest rate over the remaining life of the mortgage.

In the mortgage documents, the association must grant to the borrower an option to renew the loan for a new term, but not beyond the maturity date of the mortgage, at a new interest rate which shall be the association's current market rate of interest on similar loans determined 60 days before the due date of the loan; provided, that the maximum interest rate increase shall be equal to one-half of one percent per year multiplied by the number of years in the loan term with a maximum net increase of five percent over the life of the mortgage. Interest rate increases are optional with the association; net decreases from the previous loan term are mandatory.

The borrower may not be charged costs connected with the renewal of the loan.

Sixty days before the due date of the loan, the association shall send a written notification to the borrower containing the following information: (i) The date on which the entire balance of borrower's loan is due and payable; (ii) a statement that the loan will be renewed automatically by the association at the rate specified in the notice unless the borrower pays the loan by the due date; (iii) the amount of the monthly payment, calculated according to the new rate determined at the time of notice; (iv) a statement that the borrower may prepay the loan without penalty at any time after the original loan becomes due and payable; and (v) the name and phone number of an association employee who will answer the borrowers' questions concerning the information in the notice.

An applicant for a renegotiable rate mortgage loan must be given, at the time an application is requested, written disclosure materials prepared in reasonably simple terms that contain at least the following information: (i) An explanation of how a renegotiable rate mortgage differs from a standard fixed rate mortgage; (ii) an example of a renegotiable rate mortgage indicating the maximum possible interest rate increase and monthly payment calculated on that rate at the time of the first renewal; and (iii) an explanation of how the association determines what the rate will be at the end of each loan term.

Subd. 14. [CONDITIONAL SALE CONTRACT.] "Conditional sale contract" means a contract evidencing a credit sale.

Subd. 15. [CONSPICUOUS.] "Conspicuous" means, in reference to a term or clause, that it is written so that a reasonable person against whom it is to operate ought to have noticed it.

Subd. 16. [CONSUMER.] "Consumer" means the debtor to whom credit is granted in a consumer loan.

Subd. 17. [CONSUMER LOAN.] "Consumer loan" means a loan made by an association in which:

- (1) the debtor is a person other than an organization;
- (2) the debt is incurred primarily for a personal, family, household, or agricultural purpose; and
- (3) the debt is payable in installments or a finance charge is made.

Subd. 18. [CREDIT] "Credit" means the right granted by an association to a borrower to defer payment of debt, to incur debt and defer its payment, or to purchase property or services and defer payment.

Subd. 19. [CREDIT CARD.] "Credit card" means a card or device issued under an arrangement pursuant to which a card issuer gives to a cardholder the privilege of obtaining credit from the card issuer or other person in purchasing or leasing property or services, obtaining loans, or otherwise. A transaction is "pursuant to a credit card" only if credit is obtained according to the terms of the arrangement by transmitting information contained on the card or device orally, in writing, by mechanical or electronic methods, or in any other manner. A transaction is not "pursuant to a credit card" if the card or device is used solely in that transaction to:

(1) identify the cardholder or evidence the cardholder's creditworthiness and credit is not obtained according to the terms of the arrangement;

(2) obtain a guarantee of payment from the cardholder's deposit account, whether or not the payment results in a credit extension to the cardholder by the card issuer; or

(3) effect an immediate transfer of funds from the cardholder's deposit account by electronic or other means, whether or not the transfer results in a credit extension to the cardholder by the card issuer.

Subd. 20. [CREDIT SALE.] "Credit sale" means a sale of goods, services, or an interest in land in which:

(1) credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind; and

(2) the debt is payable in installments or a finance charge is made.

Subd. 21. [DEMAND DEPOSIT ACCOUNT.] "Demand deposit account" has the meaning given the term in the Code of Federal Regulations, title 12, part 204.

Subd. 22. [DEPOSIT ACCOUNT.] "Deposit account" means funds deposited with an association in the form of a savings account, time deposit account, NOW account, demand deposit account, or treasury and tax loan account.

Subd. 5 23. [DWELLING UNIT.] "Dwelling unit" means a single, unified combination of rooms designed for residential use by one family in a multiple dwelling unit structure, and which is not "home property."

Subd. 6 24. [EARNINGS.] "Earnings" means that part of the sources available for payment of earnings of an association which is declared payable on savings accounts from time to time by the board of directors, and is the cost of savings money to the association. Earnings also may be referred to as "interest" or "dividends."

Subd. 25. [FEDERAL ASSOCIATION.] "Federal association" means an association or savings bank with its home office in this state and chartered under the federal Home Owners' Loan Act of 1933, United States Code, title 12, sections 1461 to 1470.

Subd. 26. [FINANCE CHARGE.] "Finance charge" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of default or delinquency under section 66 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, unless the parties agree that these charges are finance charges;

(2) any additional charge under section 66, subdivision 5; or

(3) a discount, if an association purchases a contract evidencing a contract sale at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder pursuant to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation.

Subd. 7 27. [FINANCIAL INSTITUTION.] "Financial institution" means a thrift institution, commercial bank, trust company, credit union, industrial loan and thrift company or investment company.

Subd. 28. [HOME OFFICE.] "Home office" means the office of the association designated by it as its principal office.

Subd. 8 29. [HOME PROPERTY.] "Home property" means real estate on which there is located, or will be located pursuant to a real estate loan, either a structure designed for residential use by one family or a single condominium unit, or unit in a residential

cooperative, including all elements pertinent thereto, designed for residential use by one family in a multiple dwelling unit structure or complex, and includes fixtures, furnishings and equipment.

Subd. 9 30. [IMPAIRED CONDITION.] "Impaired condition" means a condition in which, based upon accepted examination practices, the assets of an association do not have an aggregate value equal to the aggregate amount of liabilities of the association to its creditors, including its members and all other persons.

Subd. 10 31. [IMPROVED REAL ESTATE.] "Improved real estate" means real estate on which there is a structure or an enclosure, or which is reclaimed, prepared as building lots or sites, or otherwise occupied, made better, more useful, or of greater value by care so as to provide an enjoyment thereof.

Subd. 11 32. [INSURED ASSOCIATION.] "Insured association" means an association the saving deposit accounts of which are insured wholly or in part in accordance with the provisions of sections 51A.01 to 51A.57.

Subd. 33. [LENDER CREDIT CARD.] "Lender credit card" means a credit card issued by an association or federal association.

Subd. 12 34. [LIQUID ASSETS.] "Liquid assets" means cash on hand; cash on deposit in federal home loan banks, state banks performing similar reserve functions, commercial banks, or insured savings and loan associations or federal associations, which is withdrawable upon not more than 30 days' notice and which is not pledged as security for indebtedness, except that any deposits in a bank under the control or in the possession of any supervisory authority shall not be considered as liquid assets; and obligations of the United States, or such government guaranteed obligations as are approved by the Federal Savings and Loan Insurance Corporation.

Subd. 35. [LOAN.] "Loan":

(a) Except as provided in paragraph (b), "loan" includes:

(1) the creation of debt by the association's or federal association's payment of or agreement to pay money to the borrower or to a third person for the account of the borrower;

(2) the creation of debt pursuant to a lender credit card in any manner, including a cash advance or the card issuer's honoring a draft or similar order for the payment of money drawn or accepted by the borrower, paying or agreeing to pay the borrower's obligation, or purchasing or otherwise acquiring the borrower's obligation from the obligee or the borrower's assignee;

(3) the creation of debt by a cash advance to a borrower pursuant to an overdraft line of credit arrangement;

(4) the creation of debt by a credit to an account with the lender upon which the borrower is entitled to draw immediately;

(5) the forbearance of debt arising from a loan; and

(6) the creation of debt pursuant to open-end credit.

(b) "Loan" does not include the forbearance of debt arising from a sale or lease.

Subd. 13 36. [MEMBER.] "Member" means a person holding a savings deposit account of an a mutual association, and a person borrowing from or assuming or obligated upon a loan or interest therein held by an a mutual association, or purchasing property securing a loan or interest held by an a mutual association, and any other person obligated to an a mutual association. A joint and survivorship relationship, whether of savers or borrowers, constitutes a single membership.

Subd. 37. [MONEY MARKET DEPOSIT ACCOUNT.] "Money market deposit account" has the meaning given the term in the Code of Federal Regulations, title 12, part 561.

Subd. 14 38. [NET INCOME.] "Net income" means gross revenues for an accounting period less all expenses paid or incurred, taxes, and losses sustained as shall not have been charged to reserves pursuant to the provisions of sections 51A.01 to 51A.57.

Subd. 39. [NOW ACCOUNT.] "NOW account" has the meaning given the term in the Code of Federal Regulations, title 12, part 561.

Subd. 40. [OFFICIAL FEES.] "Official fees" means:

(1) fees and charges which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, terminating, or satisfying a security interest or mortgage related to a loan;

(2) premiums payable for insurance in lieu of perfecting a security interest or mortgage otherwise required by an association in connection with a loan, if the premium does not exceed the fees and charges described in clause (1) which would otherwise be payable.

Subd. 15 41. [ONE BORROWER.] "One borrower" means (1) any person or entity which is, or which upon the making of a loan will become, obligor on a real estate loan, (2) nominees of such obligor, (3) all persons, trusts, partnerships, syndicates, and corporations of

which such obligor is a nominee or a beneficiary, partner, member, or record or beneficial stockholder owning ten percent or more of the capital stock, and (4) if such obligor is a trust, partnership, syndicate, or corporation, all trusts, partnerships, syndicates, and corporations of which any beneficiary, partner, member, or record or beneficial stockholder owning ten percent or more of the capital stock, is also a beneficiary, partner, member, or record or beneficial stockholder owning ten percent or more of the capital stock of such obligor.

Subd. 42. [OPEN-END CREDIT.] "Open-end credit" means an arrangement pursuant to which:

(1) an association may permit a borrower, from time to time, to obtain loans, including but not limited to an overdraft checking line of credit arrangement, a secured or unsecured line of credit agreement, or a credit card line of credit;

(2) the amounts financed and the finance and other appropriate charges are debited to an account; and

(3) the finance charge, if made, is computed on the account periodically.

Subd. 43. [ORGANIZATION.] "Organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, joint venture, cooperative, or association.

Subd. 44. [PAYABLE IN INSTALLMENTS.] "Payable in installments" means that payment is required or permitted by agreement to be made in more than four periodic payments. If any periodic payment under an agreement requiring or permitting two or more periodic payments is more than twice the amount of any other periodic payment, a loan is "payable in installments."

Subd. 45. [PERSON.] "Person" means a natural person or an organization.

Subd. 16. [PRIMARILY RESIDENTIAL PROPERTY.] "Primarily residential property" means real estate on which there is located or will be located pursuant to a real estate loan, any of the following: a structure or structures designed or used primarily for residential rather than nonresidential purposes and consisting of more than one dwelling unit; a structure or structures designed or used primarily for residential rather than nonresidential purposes for students, residents, and persons under care, employees or members of the staff of an educational, health, or welfare institution or facility; and a structure or structures which are used in part for residential purposes for not more than one family and in part for business purposes, provided that the residential use of such structure or

structures must be substantial and permanent, and the area used for business purposes shall not exceed twice the area of the residence.

Subd. 17 46. [PRIMARY LENDING AREA.] "Primary lending area" means the state of Minnesota.

Subd. 18 47. [REAL ESTATE LOAN.] "Real estate loan" means any loan or other obligation secured by a first lien on real estate held in fee or in a leasehold extending or renewable automatically for a period of at least ten years beyond the date scheduled for the final principal payment of such loan or obligation, or any transaction out of which a first lien or claim is created against such real estate, including inter alia the purchase of such real estate in fee by an association and the concurrent or immediate sale thereof on installment contract.

Subd. 19 48. [SAVINGS ACCOUNT.] "Savings account" means that part of the savings liability of the association which is credited to the account of the holder thereof. A savings account also may be referred to as a deposit account other than a time deposit account, a NOW account, a demand deposit account, or a treasury tax and loan account. Savings accounts include but are not limited to money market deposit accounts.

Subd. 20 49. [SAVINGS LIABILITY.] "Savings liability" means the aggregate amount of savings accounts of members, including earnings credited to such accounts, less redemptions and withdrawals.

Subd. 21 50. [SERVICE ORGANIZATION.] "Service organization" means an affiliate organization substantially all the activities of which consist of originating, purchasing, selling, and servicing loans upon real estate and participating interests therein, or clerical, bookkeeping, accounting, statistical, or similar functions performed primarily for savings and loan associations, as clearly permitted under appropriate federal laws or regulations, and such other activities as the commissioner may approve consistent with the safety and soundness of the association.

Subd. 22 51. [SOURCES AVAILABLE FOR PAYMENT OF EARNINGS.] "Sources available for payment of earnings" means net income for an accounting period less amounts transferred to reserves as provided in or permitted by sections 51A.01 to 51A.57, plus any balance of undivided profits whether same are designated as such or by other language from preceding accounting periods.

Subd. 22a 52. [STOCKHOLDER.] "Stockholder" means the holder of one or more shares of any class of capital stock of a capital stock association organized and operating pursuant to the provisions of Laws 1981, chapter 276.

Subd. 22b 53. [SURPLUS.] "Surplus" means the aggregate amount of the undistributed net income for an association held as undivided profits or unallocated reserves for general corporate purposes, and any paid-in surplus held by an association.

Subd. 23 54. [THRIFT INSTITUTION.] "Thrift institution" means an association, a mutual savings bank, a cooperative bank, a homestead association, a ~~savings and loan association~~, a building and loan association, a federal ~~savings~~ association, a ~~federal savings and loan association~~, and a supervised thrift and residential financing institution of a substantially similar nature.

Subd. 55. [TIME DEPOSIT.] "Time deposit" has the meaning given the term in the Code of Federal Regulations, title 12, part 204.

Subd. 24. [UNAMORTIZED REAL ESTATE LOAN.] "Unamortized real estate loan" means a real estate loan repayable within five years from date, with or without amortization of principal, but with interest payable at least semiannually.

Subd. 25 56. [WITHDRAWAL VALUE.] "Withdrawal value" means the amount credited to a savings deposit account of a member, less lawful deduction therefrom, as shown by the records of the association.

Sec. 3. Minnesota Statutes 1986, section 51A.03, is amended by adding a subdivision to read:

Subd. 2b. [REGULATION OF CAPITAL STOCK ASSOCIATIONS.] The incorporation, formation, and corporate governance of capital stock associations are governed by chapter 300, except to the extent the provisions of this chapter conflict with the provisions of chapter 300, in which case the provisions of this chapter govern.

Sec. 4. Minnesota Statutes 1986, section 51A.041, subdivision 1, is amended to read:

Subdivision 1. [SELECTION OF CHAIR OF INCORPORATORS; SURETY BOND REQUIRED; CAPITAL REQUIRED.] The incorporators of a capital stock association shall appoint one of their number as chair of the incorporators and the chair shall procure from a surety company or other surety acceptable to the commissioner, a surety bond in an amount at least equal to the amount of capital stock contributions, plus the additional amounts described in subdivision 2. The bond shall name the commissioner as obligee and shall be delivered to the commissioner. It shall assure the safekeeping of the funds described; their delivery to the association after the issuance of the certificate of incorporation and after the bonding of the officers; and, in the event of the failure to complete organization, the return of the amounts collected to the respective subscribers or

their assigns, less reasonable expenses which shall be deducted from the paid-in surplus. Before a certificate of incorporation is issued, the capital of the association shall be paid in by subscribers to the chair in cash or authorized securities and shall be the sum of the par or initially stated value of all shares of voting capital stock. Each share of capital stock shall entitle the holder thereof to one vote. The minimum required capital shall be not less than \$500,000, provided the commissioner may require a larger amount to be paid in. No portion of the capital stock shall be withdrawn by any person or in any way, either in dividends or otherwise, except as provided by law. No dividend on capital stock shall be made except as provided in section 51A.21; subdivision 21. ~~No commissions, fees, or other remuneration shall be paid for the sale of shares of capital stock, and no incentive stock shall be issued.~~

Sec. 5. Minnesota Statutes 1986, section 51A.041, is amended by adding a subdivision to read:

Subd. 1a. [QUALIFICATIONS REQUIRED OF DIRECTORS OF STOCK ASSOCIATIONS.] Except with the written consent of the commissioner, no person shall be eligible for election or shall serve as director or officer of an association who has been adjudicated a bankrupt or convicted of a criminal offense involving dishonesty or a breach of trust. A director shall automatically cease to be a director when adjudicated a bankrupt or convicted of a criminal offense as herein provided.

Sec. 6. Minnesota Statutes 1986, section 51A.041, subdivision 4, is amended to read:

Subd. 4. [ISSUANCE OF CAPITAL STOCK.] As of the date corporate existence begins, the association shall issue capital stock as necessary to satisfy the minimum capital requirements of this section and additional capital stock as may be approved for issuance by its board of directors up to the amount authorized in its certificate of incorporation, and thereafter shall issue no other shares except as authorized in Laws 1981, chapter 276. Any capital stock of an association, when issued, shall constitute permanent capital and shall not be retired or withdrawn except as hereinafter provided until all liabilities of the association have been satisfied in full, including the withdrawal value of all savings deposit accounts, and until outstanding capital certificates have been retired. An association may issue shares of common stock and preferred stock, with or without par value; and the common and preferred stock may be divided into classes and the classes into series. Capital stock of an association shall be issued pursuant to the following requirements:

(a) Except for stock issued pursuant to the incorporation of the association, an employee stock option plan, or other forms of stock-based compensation or a plan of merger, consolidation, conversion from a mutual to a capital stock association, or other type of

reorganization which has been approved by the commissioner, the consideration for the issuance of capital stock shall be paid in cash. The par value or stated value of the stock shall be maintained as the permanent capital of the association, and any additional amount paid in shall be credited to paid-in surplus.

(b) The aggregate par value or stated value of all outstanding shares of capital stock shall be the permanent capital of the association, and except as otherwise specifically provided by Laws 1981, chapter 276 the capital stock shall not be retired until final liquidation of the association. No association shall reduce the par or stated value of its outstanding capital stock without first obtaining the written approval of the commissioner, and the approval shall be withheld if the reduction will cause the par or stated value of outstanding capital stock to be less than the minimum required by Laws 1981, chapter 276 or will result in less than adequate net worth as the commissioner may determine. No association shall retire any part of its capital stock unless the retirement is approved by the commissioner. With the written approval of the commissioner, an association may purchase its capital stock from the personal representative of a deceased stockholder; and with the written approval, an association may contract with a living stockholder for this purpose upon the stockholder's death. Any purchase shall be for the price, and upon the terms and conditions, agreed upon by the association and the stockholder or personal representative; provided, however, that the purchase shall not reduce the net worth accounts of the association, or any of them, to an amount less than required by applicable law or by any approved insurer of the association's savings accounts. An association agreeing with a stockholder to purchase that stockholder's capital stock upon the stockholder's death may purchase insurance upon the life of the stockholder to fund or partially fund the purchase. Any stock purchased from a decedent's personal representative may be resold by the association at the price, and upon the terms and conditions, as the board of directors of the association shall approve, or may be retired; provided, however, that prior to the resale, notice shall be filed with the commissioner disclosing the price, terms, and conditions of the proposed resale.

Sec. 7. Minnesota Statutes 1986, section 51A.05, subdivision 1, is amended to read:

Subdivision 1. [CORPORATE NAME.] The name of every association shall include either the words "savings association," word "saving" or "savings and loan association." These words shall be preceded by an appropriate descriptive word or words approved by the commissioner. An ordinal number may not be used as a single descriptive word preceding the words "savings association," or "savings and loan association," unless such words are followed by the words "of" the blank being filled by the name of the community, town, city, or county in which the

and loan or mutual or capital stock federal association, if substantial business benefit to the applicant will result, and if otherwise permitted by federal law and regulations, may apply to convert to one of the following other forms of organization: state mutual association, state capital stock association, federal mutual savings and loan mutual federal association, or federal capital stock savings and loan federal association in accordance with the provisions of subdivisions 2 to 4 and one of the three plans of conversion set forth in subdivisions 5 to 7. This section shall have no application to conversions where neither the converting nor the converted applicant is an association as defined in Laws 1981, chapter 276.

Sec. 11. Minnesota Statutes 1986, section 51A.065, subdivision 3, is amended to read:

Subd. 3. [SUPERVISORY APPROVAL OF PLAN.] Upon approval of the plan of conversion by the board of directors, the plan and the resolution approving it shall be submitted to the commissioner or other appropriate supervisory authority. The authority commissioner may approve or disapprove the plan of conversion in its discretion, but shall not approve the plan unless a finding is made, after appropriate examination, that: substantial business benefit to the applicant will result; the plan of conversion is fair and equitable; the interests of the applicant, its members or stockholders, its savings account holders and the public are adequately protected; and the converting applicant has complied with the requirements of this section. If the authority commissioner approves the plan of conversion, the approval, which shall be in writing and sent to the home office of the converting applicant, may prescribe terms and conditions to be fulfilled either before or after the conversion to cause the applicant to conform with the requirements of Laws 1981, chapter 276. If the authority commissioner disapproves the plan of conversion, the objections shall be stated in writing and sent to the home office of the converting applicant, and the applicant afforded an opportunity to amend and resubmit the plan within a reasonable time as prescribed by the authority. In the event that the authority commissioner disapproves the plan after resubmission, written notice of the final disapproval shall be sent by certified mail to the applicant's home office.

Sec. 12. Minnesota Statutes 1986, section 51A.065, subdivision 4, is amended to read:

Subd. 4. [SUBMISSION TO MEMBERS OR STOCKHOLDERS.] If the commissioner or other appropriate supervisory authority approves a plan of conversion in accordance with subdivision 3, the plan must be submitted for adoption to the members or stockholders of the converting applicant by vote at a meeting called to consider the action. Except in the case of a conversion of a state an association to a federally chartered federal association of like corporate form, or vice versa pursuant to subdivision 7 and in

addition to any notice of annual or special meeting required by Laws 1981, chapter 276 and at least three weeks prior to the meeting, a copy of the plan, together with an accurate summary plan description explaining the operation of the plan and the rights, duties, obligations, liabilities, conditions, and requirements which may be imposed upon the members or stockholders and the converted applicant as a result of the adoption of the plan, must be mailed to each member or stockholder eligible to vote at the meeting. The plan of conversion may be approved by not less than a majority of the total number of votes eligible to be cast at the meeting. If the plan is approved, action must be taken to obtain a charter, articles of incorporation, articles of association or similar instrument, adopt bylaws, elect directors and officers and take other action prescribed or appropriate for the type of corporation into which the converting applicant will be converted. A certified report of the proceedings at the meeting must be filed promptly with the commissioner ~~or other appropriate supervisory authority~~.

Sec. 13. Minnesota Statutes 1986, section 51A.065, subdivision 8, is amended to read:

Subd. 8. [CERTIFICATE OF CONVERSION.] If the commissioner ~~or other appropriate supervisory authority~~ finds that a conversion proceeding has been completed in accordance with the requirements of this section ~~and any other applicable law and regulations~~, the ~~authority~~ commissioner shall issue to the applicant a certificate of conversion, attaching as a part of the certificate a copy of the charter, articles of incorporation, articles of association or similar instrument. The conversion shall not become effective until the issuance of the certificate as provided in this section.

Sec. 14. Minnesota Statutes 1986, section 51A.065, is amended by adding a subdivision to read:

Subd. 11. [FEDERAL ASSOCIATION.] Nothing in this section applies to the conversion of a federal association to another form of federally-chartered institution.

Sec. 15. Minnesota Statutes 1986, section 51A.07, is amended to read:

51A.07 [POWER TO REORGANIZE, MERGE OR CONSOLIDATE.]

Pursuant to a plan adopted by the board of directors and approved by the commissioner as equitable to the members or stockholders of the association and as not impairing the usefulness and success of other properly conducted associations in the community, an association shall have power to reorganize or to merge or consolidate with another association or federal association within its primary lending area; provided, that the plan of the reorganization, merger, or

consolidation shall be approved at an annual meeting or at any special meeting of the members or stockholders called to consider the action by a vote of 51 percent or more than 50 percent of the total number of votes of the members cast in person or by proxy. In all cases the corporate continuity of the resulting corporation shall possess the same incidents as that of an association which has converted in accordance with sections 51A.01 to 51A.57. No association, directly or indirectly, shall convert or reorganize, or merge, consolidate, assume liability to pay savings accounts or other liabilities of, transfer assets in consideration of the assumption of liabilities for any portion of the savings accounts, deposits made in, or other liabilities of the association to, or acquire the assets of or assume liability to pay any liabilities of, any financial institution or any other organization, person, or entity, except as specifically authorized by sections 51A.01 to 51A.57 the commissioner. Any association aggrieved by any action or nonaction of the commissioner under this section may appeal therefrom and the proceedings shall be conducted pursuant to the provisions of the administrative procedure act relating to judicial review of agency decisions, sections 14.63 to 14.70, and the scope of judicial review in the proceedings shall be as provided therein.

Sec. 16. Minnesota Statutes 1986, section 51A.10, is amended to read:

51A.10 [MEMBERSHIP CHARGES PROHIBITED.]

The mutual association shall not directly or indirectly charge any membership, admission, withdrawal, or any fee or sum of money for the privilege of becoming, remaining, or ceasing to be a member of the mutual association, except reasonable charges upon the making or modification of a loan charges authorized by this chapter. Except as authorized by sections 51A.01 to 51A.57 this chapter, the mutual association shall not charge any member any sum of money by way of fine or penalty for any cause, except that a reasonable charge may be made against borrowers for defaults or prepayments.

Sec. 17. Minnesota Statutes 1986, section 51A.11, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIVENESS OF ACCESS.] Every member or stockholder shall have the right to inspect books and records of an association that pertain to that person's loan or savings account or the determination of that person's voting rights. Otherwise, The right of inspection and examination of the books and records of an association including those pertaining to loans and accounts shall be limited (1) to the commissioner or duly authorized representatives as provided in sections 51A.01 to 51A.57, (2) to persons duly authorized by the association to act for the association, and (3) to affiliates, and (4) to any federal or state instrumentality or agency authorized by the association to inspect or examine the books and

records of an insured association. The books and records pertaining to the accounts ~~and~~, loans of ~~members~~, and voting rights of depositors, borrowers, or stockholders shall otherwise be kept confidential by the such association, its directors, officers, and employees, and by the commissioner, the commissioner's examiners and representatives, except where the disclosure thereof shall be compelled by a court of competent jurisdiction or public authority in accordance with law, and no member depositor, borrower, or stockholder or any other person shall have access to the books and records or shall be furnished or shall possess a partial or complete list of the members depositors, borrowers, or stockholders except upon express action and authority of the board of directors.

Sec. 18. Minnesota Statutes 1986, section 51A.12, is amended to read:

51A.12 [FINANCIAL STATEMENT; MUTUAL ASSOCIATIONS.]

Every mutual association shall prepare and publish annually within 30 days of the close of the association's fiscal year in a newspaper of general circulation in the county in which the principal office of the association is located, and shall deliver to each member ~~or stockholder~~ upon application therefor, a statement of its financial condition in the form prescribed or approved by the commissioner.

Sec. 19. Minnesota Statutes 1986, section 51A.13, is amended to read:

51A.13 [DIRECTORS OF MUTUAL ASSOCIATIONS.]

Subdivision 1. [ASSOCIATION MUTUAL ASSOCIATIONS UNDER DIRECTION OF BOARD OF DIRECTORS.] The business of the association shall be directed by a board of directors of not less than five nor more than 15 as determined by, and elected by ballot from among, the members by a plurality of the votes of the members present. If authorized by vote of the members the directors may elect all directors. At all times at least two-thirds of the directors shall be bona fide residents of this state.

Subd. 2. [QUALIFICATIONS REQUIRED OF DIRECTORS OF MUTUAL ASSOCIATIONS.] Except with the written consent of the commissioner, no member shall be eligible for election or shall serve as a director or officer of an association who has been adjudicated a bankrupt or convicted of a criminal offense involving dishonesty or a breach of trust. A director shall automatically cease to be a director on ceasing to be a member, on being adjudicated a bankrupt, or on being convicted of a criminal offense as herein provided, but no action of the board of directors shall be invalidated through the participation of the director in the action. However, if a director

becomes ineligible under the terms of this subdivision by reason of the exercise by the association of the right of redemption of savings accounts provided for in section 51A.34, the director shall remain validly in office until the expiration of the term of office or until the director otherwise becomes ineligible, resigns, or is removed, whichever may occur first.

Subd. 2a. [QUALIFICATIONS REQUIRED OF DIRECTORS OF STOCK ASSOCIATIONS.] Except with the written consent of the commissioner, no person shall be eligible for election or shall serve as director or officer of an association who has been adjudicated a bankrupt or convicted of a criminal offense involving dishonesty or a breach of trust. A director shall automatically cease to be a director when adjudicated a bankrupt or convicted of a criminal offense as herein provided.

Subd. 3. [CLASSIFICATION OF DIRECTORS OF MUTUAL ASSOCIATIONS.] At the first annual meeting, the members shall by majority vote divide the directors into three classes of as nearly equal numbers as possible. The term of office of directors of the first class shall expire at the annual meeting next after the first election; of the second class, one year thereafter; and of the third class, two years thereafter; and at each annual election thereafter directors shall be chosen for a full term of three years to succeed those whose terms expire.

Subd. 4. [NUMBER OF DIRECTORS OF MUTUAL ASSOCIATIONS CHANGED ONLY BY MEMBERS.] The authorized number of directors determined by the members within the limits hereinabove specified may subsequently be increased or decreased only by vote of the members.

Subd. 5. [HOW VACANCY ON BOARD OF DIRECTORS OF MUTUAL ASSOCIATIONS CAUSED BY INCREASE IN NUMBER OF DIRECTORS IS TO BE FILLED.] If the members fail to elect a director to fill each vacancy created by any increase, the directors may fill the vacancy by electing a director to serve until the next annual meeting of the members, at which time a director shall be elected to fill the vacancy for the unexpired term for the class of director in which the vacancy exists.

Subd. 6. [CLASSIFICATION OF NEW DIRECTORS OF MUTUAL ASSOCIATIONS ELECTED TO FILL VACANCIES.] Whenever under the provisions hereof the number of directors is changed and vacancies caused by the change are filled, the directors so elected shall be classified in accordance with the provisions hereof, so that each of the three classes shall always contain numbers as nearly equal as possible.

Subd. 7. [WHEN VACANCY ON BOARD OF DIRECTORS OF MUTUAL ASSOCIATIONS MAY BE FILLED BY DIRECTORS.]

Any vacancy among directors, not so filled by the members, may be filled by a majority vote of the remaining directors, though less than a quorum, by electing a director to serve until the next annual meeting of the members, at which time a director shall be elected to fill the vacancy for the unexpired term for the class of director in which the vacancy exists. In event of a vacancy on the board of directors from any cause, the remaining directors shall have full power and authority to continue direction of the association until the vacancy is filled.

Sec. 20. [51A.131] [DIRECTORS OF CAPITAL STOCK ASSOCIATIONS.]

The duties and qualifications required of directors of capital stock associations are governed by chapter 300.

Sec. 21. Minnesota Statutes 1986, section 51A.15, subdivision 2, is amended to read:

Subd. 2. [DUAL STATUS.] No officer or director of an association shall hold office or status as a director or officer of another nonaffiliated financial institution the principal office of which is located in the association's primary lending area; except such directors or officers who are holding office at the time of the adoption of sections 51A.01 to 51A.57, and such directors or officers may continue to be reelected for two additional terms.

Sec. 22. Minnesota Statutes 1986, section 51A.17, is amended to read:

51A.17 [INDEMNIFICATION OF OFFICERS, DIRECTORS AND EMPLOYEES.]

Any person shall be indemnified or reimbursed by the association for reasonable expenses, including but not limited to attorney fees, actually incurred in connection with any action, suit, or proceeding, instituted or threatened, judicial or administrative, civil or criminal, to which that person is made a party by reason of being or having been a director, officer, or employee of an association; provided, however, that no person shall be so indemnified or reimbursed, nor shall that person retain any advancement or allowance for indemnification which may have been made by the association in advance of final disposition, in relation to such action, suit, or proceeding in which and to the extent that the person finally shall be adjudicated to have been guilty of a breach of good faith, to have been negligent in the performance of duties, or to have committed an action or failed to perform a duty for which there is a common law or a statutory liability; and provided further, that a person may, with the approval of the commissioner, be so indemnified or reimbursed for (1) amounts paid in compromise or settlement of any action, suit, or proceeding, including reasonable expenses

incurred in connection therewith, or (2) reasonable expenses including fines and penalties incurred in connection with a criminal or civil action, suit, or proceeding in which such person has been adjudicated guilty, negligent, or liable if it shall be determined by the board of directors and by the commissioner that such person was acting in good faith and in what that person believed to be the best interests of the association and without knowledge that the action was illegal and if such indemnification or reimbursement is approved at an annual or special meeting of the members by a majority of the votes eligible to be cast. Amounts paid to the association, whether pursuant to judgment or settlement by any person within the meaning of this section shall not be indemnified or reimbursed in any case. The indemnification of officers, directors, and employees of associations is governed by section 300.083.

Sec. 23. Minnesota Statutes 1986, section 51A.19, subdivision 1, is amended to read:

Subdivision 1. [RECORDS TO BE KEPT AT PRINCIPAL HOME OFFICE.] Every association shall keep at the principal home office correct and complete books of account and minutes of the proceedings of members, directors, stockholders, and the executive committee. Complete records of all business transacted at the principal home office shall be maintained at the principal home office. Control records of all business transacted at other offices shall be maintained at the principal home office.

Sec. 24. Minnesota Statutes 1986, section 51A.19, subdivision 8, is amended to read:

Subd. 8. [APPRAISAL OF REAL ESTATE OWNED AND THAT SECURING DELINQUENT LOANS.] Every association shall have appraised each parcel of real estate at the time of acquisition thereof. The report of each such appraisal shall be submitted in writing to the board of directors and shall be kept in the records of the association. In addition to the powers under section 51A.44, subdivision 6, the commissioner may require the appraisal of real estate securing loans which are delinquent more than four months:

Sec. 25. Minnesota Statutes 1986, section 51A.19, subdivision 10, is amended to read:

Subd. 10. [MAINTENANCE OF MEMBERSHIP RECORDS.] Every mutual association shall maintain membership records, which shall show the name and address of the member, the status of the member as a savings account holder, or an obligor, or a savings account holder and obligor, and the date of membership thereof. In the case of members holding a savings account the mutual association shall obtain a savings account contract containing the signature of each holder of such account or a duly authorized

representative, and shall preserve such contract in the records of the association.

Sec. 26. Minnesota Statutes 1986, section 51A.21, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Every association incorporated pursuant to or operating under the provisions of sections 51A.01 to 51A.57 shall have all the powers enumerated, authorized, and permitted by sections 51A.01 to 51A.57 and such other rights, privileges, and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the association, and in addition shall have those powers possessed by corporations organized under chapter 300. Among others, and except as otherwise limited by the provisions of sections 51A.01 to 51A.57, every association shall have the powers set forth in this section.

Sec. 27. Minnesota Statutes 1986, section 51A.21, subdivision 5, is amended to read:

Subd. 5. [BORROWING.] If and when an association is not a member of a federal home loan bank, To borrow from sources, individual or corporate, not more than an aggregate amount equal to ~~one-fourth~~ one-half of its savings liability total assets on the date of borrowing and additional sums the commissioner approves. If and when an association is a member of a federal home loan bank, to secure advances of not more than an aggregate amount equal to one-half of its savings liability; within the amount equal to one-half of its savings liability, the association may borrow from sources, individual or corporate other than the federal home loan bank, an aggregate amount not in excess of 20 percent of its savings liability. The advance written approval of the commissioner, who has sole discretionary authority to grant or withhold such approval, is required for sources of borrowing other than financial institutions or federal home loan banks. A subsequent reduction of savings liability total assets shall not affect in any way outstanding obligations for borrowed money. All loans and advances borrowing under this subdivision may be secured by property of the association, and may be evidenced by notes, bonds, debentures, commercial paper, bankers' acceptances, or other obligations or securities, (except capital stock and capital certificates) the commissioner authorizes for all associations; provided, that authorization by the commissioner shall not be required in the case of securities guaranteed pursuant to section 306(g) of the National Housing Act of 1934, as amended.

Sec. 28. Minnesota Statutes 1986, section 51A.21, is amended by adding a subdivision to read:

Subd. 6a. [LOANS AND CONTRACTS.] To make, sell, purchase, invest in, and participate or otherwise deal in loans and conditional

sale contracts and other forms of indebtedness and leases, and to take any manner of security for the loans and contracts.

Sec. 29. Minnesota Statutes 1986, section 51A.21, is amended by adding a subdivision to read:

Subd. 6b. [BUSINESS PROPERTY.] To acquire or own real property or interests in real property the directors consider necessary or convenient for the conduct of the business of the association, which for the purposes of sections 51A.01 to 51A.57 includes the ownership of stock of a wholly owned subsidiary corporation having as its exclusive activity the ownership and management of this property or interests. The amount so invested in land and improvements must not exceed the sum equal to five percent of net assets of the association, provided that the commissioner may authorize a greater amount to be so invested.

Sec. 30. Minnesota Statutes 1986, section 51A.21, subdivision 7, is amended to read:

Subd. 7. [INSURANCE OF ACCOUNTS.] To obtain and maintain insurance of its savings accounts by the federal savings and loan insurance corporation or any agency of this state or other federal agency established for the purpose of insuring savings accounts in associations.

Sec. 31. Minnesota Statutes 1986, section 51A.21, subdivision 9, is amended to read:

Subd. 9. [EMPLOYEES.] To appoint and remove officers, agents, and employees as its business shall require and to provide them suitable compensation; to provide for life, health, and casualty insurance for officers and employees, and to adopt and operate reasonable bonus plans and retirement benefits for such officers and employees; and to provide for indemnification of its officers, employees, and directors as prescribed or permitted in sections 51A.01 to 51A.57 whether by insurance or otherwise.

Sec. 32. Minnesota Statutes 1986, section 51A.21, subdivision 14, is amended to read:

Subd. 14. [SERVICING.] To service loans and investments for others, provided that the maximum principal amount of loans and investments serviced for others at any one time shall not exceed 75 percent of the amount of the savings liability of such association.

Sec. 33. Minnesota Statutes 1986, section 51A.21, subdivision 15, is amended to read:

Subd. 15. [SAVINGS, LOANS, INVESTMENTS.] To acquire sav-

ings deposits and pay earnings thereon, and to lend and commit to lend, extend credit, and invest its funds as provided in sections 51A.01 to 51A.57.

Sec. 34. Minnesota Statutes 1986, section 51A.21, subdivision 17, is amended to read:

Subd. 17. [AGENCY.] To act as agent or holder of an escrow for others in any transaction incidental to the operation of its business.

Sec. 35. Minnesota Statutes 1986, section 51A.21, subdivision 21, is amended to read:

Subd. 21. [DIVIDENDS ON CAPITAL STOCK.] To declare and pay dividends on capital stock in cash or property out of the unreserved and unrestricted earned surplus of the association, or its own shares from time to time except when the association has failed within the preceding 12 months to make any minimum allocation to surplus or reserve accounts required by section 51A.20 or to maintain any minimum required level, and except when the association is in an impaired condition or when the payment thereof would cause the association to be in an impaired condition. A split-up or division of the issued shares of capital stock into a greater number of shares without increasing the state capital of the association is authorized, and shall not be construed to be a dividend within the meaning of this section.

Sec. 36. Minnesota Statutes 1986, section 51A.21, is amended by adding a subdivision to read:

Subd. 22. [LIMITED TRUSTEESHIP.] To act and receive compensation as trustee of a trust created or organized in the United States and forming a part of a stock bonus, pension, or profit-sharing plan that qualifies or is qualified for specific tax treatment under section 401 of the Internal Revenue Code of 1986, as amended through December 31, 1987, and to act as trustee or custodian of an individual retirement account within the meaning of section 408 of that code if the funds of the trust or account are invested only in savings accounts of the association or in obligations or securities issued by the association. All funds held in a fiduciary capacity by the association under the authority of this subdivision may be commingled and consolidated for appropriate purposes of investment if records reflecting each separate beneficial interest are maintained by the fiduciary unless the responsibility is lawfully assumed by another appropriate party.

Sec. 37. Minnesota Statutes 1986, section 51A.21, is amended by adding a subdivision to read:

Subd. 23. [AUTOMATED TELLER MACHINES.] To own or use

automated teller machines and establish electronic financial terminals and transmission facilities as provided in sections 47.61 to 47.74.

Sec. 38. Minnesota Statutes 1986, section 51A.21, is amended by adding a subdivision to read:

Subd. 24. [PAYROLL SAVINGS.] To contract with an employer with respect to the following:

(1) Soliciting, collecting, and receiving savings by payroll deduction. These savings are to be credited to a designated account of an employee who may voluntarily participate in a payroll deduction plan.

(2) Direct deposit of wages or salary paid by the employer to an employee's account in a financial depository institution. Deposits may be made by electronic or other medium. Direct deposits may be made if the employee authorizes the deposits in writing and designates the association or other financial depository institution as the recipient of these deposits.

Sec. 39. Minnesota Statutes 1986, section 51A.21, is amended by adding a subdivision to read:

Subd. 25. [DRAFTS.] To issue drafts and similar instruments drawn on the association to aid in effecting withdrawals and for other purposes of the association.

Sec. 40. Minnesota Statutes 1986, section 51A.21, is amended by adding a subdivision to read:

Subd. 26. [DEPOSITS.] To raise funds in the form of (1) savings accounts; (2) time deposit accounts; (3) NOW accounts; (4) demand deposit accounts; and (5) treasury tax and loan accounts.

Sec. 41. Minnesota Statutes 1986, section 51A.21, is amended by adding a subdivision to read:

Subd. 27. [TRUST POWERS.] To act as trustee, executor, administrator, personal representative, conservator, custodian, guardian, or in any other fiduciary capacity in which state banks, trust companies, or other corporations are permitted to act, and to receive reasonable compensation therefore.

Sec. 42. Minnesota Statutes 1987 Supplement, section 51A.23, subdivision 1, is amended to read:

Subdivision 1. [OWNERSHIP.] Savings accounts may be opened and held solely and absolutely by, or in trust or other fiduciary

capacity for, any person, including an adult or minor individual, male or female, single or married, partnership, association, fiduciary, or corporation. Trust funds received by a real estate broker or the broker's salespersons in trust may be deposited in a savings and loan association. Savings Deposit accounts shall be represented only by the account of each savings deposit account holder on the books of the association, and such the accounts or any interest therein shall be transferable only on the books of the association and upon proper written application by the transferee and upon acceptance by the association of the transferee as a member upon terms approved by the board of directors. The association may treat the holder of record of a savings account as the owner thereof of it for all purposes without being affected by any notice to the contrary unless the association has acknowledged in writing notice of a pledge of such savings the deposit account. Notwithstanding the foregoing, an association or federal association may offer negotiable time deposits.

An association may issue savings deposit accounts to or in the name of a minor, which shall be held for the exclusive right and benefit of the minor, free from the control or lien of all other persons, except creditors, and, together with dividends thereon, shall be paid to the minor, and receipt or acquittance in any form, shall be sufficient release and discharge of the association for withdrawal, until a guardian appointed in this state for the minor shall have delivered a certificate of appointment.

Sec. 43. Minnesota Statutes 1986, section 51A.251, is amended to read:

51A.251 [MARRIED PERSONS AND MINORS.]

An association and any federal association may issue savings deposit accounts or negotiable order of withdrawal accounts to any married person or minor as the sole and absolute owner of the account, and receive payments thereon by or for the other, and pay withdrawals or drafts, accept pledges to the association, and act in any other manner with respect to the accounts on the order of the married person or minor. Any payment or delivery of rights to a married person or to any minor, or a receipt of or acquisition signed by a married person or by a minor who holds an account, shall be a valid and sufficient release and discharge of the association for any payment so made or delivery of rights to the married person or minor. In the case of a minor, the receipt, acquittance, pledge or other action required by the association to be taken by the minor shall be binding upon the minor as if the minor were of full age and legal capacity. The parent or guardian of the minor shall not in the capacity as parent or guardian have the power to attach or in any manner to transfer any account issued to or in the name of the minor; provided, however, that in the event of the death of the minor the receipt or acquittance of either parent or of a person standing in loco parentis to the minor shall be a valid and sufficient discharge of

the association for any sum or sums not exceeding in the aggregate \$2,500 unless the minor shall have given written notice to the association to accept the signature of the parent or person.

Sec. 44. Minnesota Statutes 1986, section 51A.261, is amended to read:

51A.261 [DEPOSITS IN NAME OF MINOR.]

A deposit made at an association in the name of a minor, or shares issued in a minor's name, shall be held for the exclusive right and benefit of the minor, free from the control or lien of all other persons except creditors, and together with the dividends or interest thereon shall be paid the minor, and the minor's receipt, check, or acquittance in any form shall be a sufficient release and discharge of the depository for the deposits or shares, or any part thereof, until a conservator or guardian appointed for the minor has delivered a certificate of appointment to the depository.

Sec. 45. Minnesota Statutes 1986, section 51A.262, is amended to read:

51A.262 [MULTIPARTY ACCOUNTS.]

When any deposit is made in the names of two or more persons jointly, or by any person payable on death (P.O.D.) to another, or by any person in trust for another, the rights of the parties and the financial institution association are determined by chapter 528.

Sec. 46. Minnesota Statutes 1986, section 51A.28, is amended to read:

51A.28 [ACCOUNTS OF ADMINISTRATORS, EXECUTORS, GUARDIANS, CUSTODIANS, TRUSTEES, AND OTHER FIDUCIARIES.]

Any association ~~or federal association~~ may accept savings deposit accounts in the name of any administrator, executor, custodian, conservator, guardian, trustee, or other fiduciary for a named beneficiary or beneficiaries. Any such fiduciary shall have power to vote as a member in a mutual association as if the membership were held absolutely, to open and to make additions to, and to withdraw any such account in whole or in part. The withdrawal value of any such account, and earnings thereon, or other rights relating thereto may be paid or delivered, in whole or in part, to such fiduciary without regard to any notice to the contrary as long as such fiduciary is living. The payment or delivery to any such fiduciary or a receipt or acquittance signed by any such fiduciary to whom any such payment or any such delivery of rights is made shall be a valid and sufficient release and discharge of an association for the payment or

delivery so made. Whenever a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the fiduciary relationship shall have been given to an association and the association has no written notice of any other disposition of the beneficial estate, the withdrawal value of such account, and earnings thereon, or other rights relating thereto may, at the option of an association, be paid or delivered, in whole or in part, to the beneficiary or beneficiaries. The payment or delivery to any such beneficiary, beneficiaries, or designated person, or a receipt or acquittance signed by any such beneficiary, beneficiaries, or designated person for any such payment or delivery shall be a valid and sufficient release and discharge of an association for the payment or delivery so made. This section does not apply to a P.O.D. account under chapter 528.

Sec. 47. Minnesota Statutes 1986, section 51A.31, subdivision 1, is amended to read:

Subdivision 1. [LEGAL INVESTMENTS.] Administrators, executors, custodians, conservators, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, trust companies, credit unions, and other types of similar financial organizations, charitable, educational, eleemosynary and such public corporations as are authorized by law, funds, and organizations, are specifically authorized and empowered to invest funds held by them, without any order of any court, in savings accounts of savings associations ~~which are under state supervision, and in accounts of federal associations organized under the laws of the United States and under federal supervision,~~ and such investments shall be deemed and held to be legal investments for such funds.

Sec. 48. Minnesota Statutes 1986, section 51A.32, is amended to read:

51A.32 [EARNINGS.]

Subdivision 1. [MUTUAL ASSOCIATION.] ~~An~~ A mutual association may pay earnings on its savings accounts from sources available for payment of earnings at such rate and at such times and for such time or notice periods as shall be determined by resolution of its board of directors. All savings deposit account holders shall participate equally in earnings pro rata to the withdrawal value of their respective accounts, except that an association may classify its savings deposit accounts according to the character, amount, or duration thereof, or regularity of additions thereto, and may agree in advance to pay an additional or different rate of earnings not to exceed one percent over and above the rate of earnings paid on all savings deposit accounts on accounts based on such classification, and shall regulate such earnings in such manner that each savings deposit account in the same classification shall receive the same

ratable portion of such additional earnings, except for accounts which shall be classified according to a specified contractual time or notice period. Earnings shall be declared on the withdrawal value of each savings deposit account at the beginning of the accounting period, plus additions thereto made during the period (less amounts previously withdrawn and noticed for withdrawal, which for earnings purposes shall be deducted from the latest previous additions thereto) computed at the declared rate for the time the funds have been invested, determined as next provided. The date of investment shall be the date of actual receipt by the association of an account or an addition to an account, except that if the board of directors shall so determine, accounts in one or more classifications or additions thereto received by the association on or before a date not later than the 20th day of the month in which such payments were received; if the board shall make such determination, it also shall determine that payments received subsequent to such determination date shall either (1) receive earnings as if invested on the first day of the next succeeding month, or (2) receive earnings from the date of actual receipt by the association. Unless the commissioner shall issue approval in writing, no earnings shall be declared or paid for an accounting period unless the allocation to the general reserve for the preceding accounting period required by section 51A.20 or approved by the commissioner thereunder has been made. Notwithstanding the provisions of the second sentence of this section, the board of directors, by resolution, may determine that earnings shall not be paid on any savings deposit account which has a withdrawal value of a specified amount less than \$50 or which by written agreement is intended to be closed within a specified period less than 15 months from the date on which such savings the account is opened, provided that an exception may be made and earnings paid on savings deposit accounts opened pursuant to section 51A.24. The directors shall determine by resolution the method of calculating the amount of any earnings on savings accounts as herein provided, and the time or times when earnings are to be declared, paid, or credited.

Subd. 2. [CAPITAL STOCK ASSOCIATIONS.] A capital stock association may pay interest, if any, on its savings accounts in accordance with the terms of the account contract.

Sec. 49. Minnesota Statutes 1986, section 51A.35, is amended to read:

51A.35 [INVESTMENT IN SECURITIES.]

Savings Associations shall have power to invest in securities as follows:

(a) [INVESTMENTS NOT SUBJECT TO LIMITATION.] Without limit, in obligations of, or obligations which are fully guaranteed as to principal and interest by, the United States or this state or the political subdivision of this state in stock or obligations of any

federal home loan bank or banks; in stock or obligations of the federal savings and loan insurance corporation; in demand, time, or savings deposits, shares or accounts, or other obligations of any financial institution the accounts of which are insured by a federal agency.

(b) [INVESTMENTS SUBJECT TO 25 PERCENT OF ASSETS LIMITATION.] Not in excess of 25 percent of its assets in (1) bonds, notes, or other evidences of indebtedness which are a general obligation of, or guaranteed as to principal and interest by, any agency or instrumentality of the United States not specified in subparagraph (a) or of this state, or any city, town, county, district, or other municipal corporation or political subdivision of this state, or any instrumentality or authority of any one or more of the foregoing; (2) capital stock, obligations, or other securities of service organizations, provided that the aggregate of such investments shall not thereupon exceed one three percent of its assets liabilities.

Sec. 50. Minnesota Statutes 1986, section 51A.361, is amended to read:

51A.361 [RESERVES.]

An association shall maintain reserves in the form of liquid assets, as defined in section 51A.02, subdivision ~~12~~ 34, at a level reasonably necessary to meet anticipated withdrawals, commitments, and loan demand. The commissioner of commerce may prescribe the required amount of reserves for any individual association from time to time based upon examination findings or other reports relating to the association that are available to the commissioner. The determination by the commissioner of a required amount of reserves for an association shall not be considered a rule as defined by section 14.02, subdivision 4. Reserves for an individual association as prescribed by the commissioner pursuant to this section shall be enforced in accordance with sections 46.24 and 46.30 to 46.33.

Sec. 51. Minnesota Statutes 1986, section 51A.37, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Every ~~savings~~ association shall have power to invest in loans and other investments as set forth in this section.

Sec. 52. Minnesota Statutes 1986, section 51A.37, subdivision 2, is amended to read:

Subd. 2. [SAVINGS ACCOUNT LOANS.] Loans secured by its savings accounts ~~to the extent of the withdrawal value thereof~~.

Sec. 53. Minnesota Statutes 1986, section 51A.37, subdivision 3, is amended to read:

Subd. 3. [REAL ESTATE LOANS.] Real estate loans in any amount not exceeding the value of the security, subject to the following conditions:

(a) No association shall make a real estate loan to one borrower if the sum of (1) the amount of the loan and (2) the total balances of all outstanding real estate loans owed to the association by the borrower exceeds an amount equal to ten percent of the association's savings liability or an amount equal to the sum of the association's reserves for losses and undivided profits, whichever amount is less, except that any such loan may be made if the sum of (1) and (2) does not exceed \$100,000.

(b) An association may (1) participate with one or more financial institutions; or other entities having a tax exemption under section 501(a) of the internal revenue code, in any real estate loan of the type in which the association is authorized to invest on its own account; provided that the participating interest of the association is not subordinated or inferior to any other participating interest; and (2) participate in real estate loans with other than financial institutions or those entities described, provided that the participating interest of the association is superior to the participating interests of the other participants.

(c) The aggregate balances outstanding of real estate loans on real estate located outside the primary lending area of an association shall at no time exceed ten percent of the assets of the association, except that (1) loans insured or guaranteed in whole or in part by the United States, or a federal agency and (2) loans in which an association owns or has purchased no more than a 75 percent participation interest are not subject to this restriction; and

(d) Direct reduction real estate loans on home property and not in excess of 90 percent of the value of the security except as may be provided by the Federal Home Loan Bank Board for federally insured associations; and direct reduction real estate loans on primarily residential property not in excess of 80 percent of the value of the security, including participating interests in the loans, shall average annually, based on monthly computations, at least 70 percent of assets, other than liquid assets, held by the association.

(e) Real estate loans on home property by mortgage or contract for deed, as provided in clauses paragraphs (a) through (d) above and (b) with no limit on purchase or sale thereof; and may participate with other lenders in the making, purchasing, or selling of the loans, provided (1) the property securing same is within 100 miles of the servicing office of the other lender or lenders and (2) that the other lender or lenders participate to the extent of at least ten percent in

the loan and further provided not more than 25 percent of the assets of the association licensed hereunder shall be in the loan.

(f) (d) An association may purchase, at any sheriff's, judicial, or other sale, public or private, any real estate upon which it has a mortgage, judgment, or other lien, or in which it has any interest. It may acquire title to any real estate on which it holds any lien, in full or part satisfaction thereof, and may sell, convey, hold, lease, or mortgage the same. In transactions involving the purchase by a vendee of ~~improved~~ real estate ~~for home purposes, or for the construction of a home,~~ a savings and loan an association organized under the laws of this state, or of the United States of America, may, when authorized by its bylaws, acquire the title thereof, and it may give to the vendee a contract to convey the same as upon a sale thereof. Provided, that no association shall hereafter invest more than 50 percent of its assets in such contracts to convey. Upon default in the conditions of the contract, the association may terminate the interest of the vendee or the vendee's representatives or assigns by serving the notice provided by section 559.21, upon the vendee, or the vendee's representative or assigns.

Sec. 54. Minnesota Statutes 1986, section 51A.37, subdivision 4, is amended to read:

Subd. 4. [INSURANCE POLICY LOANS.] Loans secured by the pledge of policies of life insurance, the assignment of which is properly acknowledged by the insurer, ~~but not exceeding the cash value of such policies providing such pledge is made as additional collateral for real estate, home improvement, or manufactured home loans.~~

Sec. 55. Minnesota Statutes 1986, section 51A.37, is amended by adding a subdivision to read:

Subd. 10. [CONSUMER LOANS.] Consumer loans.

Sec. 56. Minnesota Statutes 1986, section 51A.37, is amended by adding a subdivision to read:

Subd. 11. [BUSINESS LOANS.] Loans to organizations and natural persons for business purposes.

Sec. 57. Minnesota Statutes 1986, section 51A.37, is amended by adding a subdivision to read:

Subd. 12. [AGRICULTURAL LOANS.] Loans for agricultural purposes.

Sec. 58. Minnesota Statutes 1986, section 51A.37, is amended by adding a subdivision to read:

Subd. 13. [LOAN TO ONE BORROWER LIMITS.] (a) No mutual association shall make a loan to one borrower if the sum of (1) the amount of the loan and (2) the total balances of all outstanding loans owed to the association by the borrower exceeds an amount equal to ten percent of the association's savings liability or an amount equal to the sum of the association's reserves for losses and undivided profits, whichever amount is less, except that any such loan may be made if the sum of clauses (1) and (2) does not exceed \$500,000.

(b) No stock association shall make a loan to one borrower if the sum of (1) the amount of the loan and (2) the total balances of all outstanding loans owed to the association by the borrower exceeds an amount equal to ten percent of the association's savings liability or an amount equal to the sum of the association's reserves for losses and capital and surplus, whichever amount is less, except that any such loan may be made if the sum of clauses (1) and (2) does not exceed \$500,000.

Sec. 59. Minnesota Statutes 1986, section 51A.38, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Real estate loans and other loans secured by a mortgage on real estate that are eligible for investment by an association under sections 51A.01 to 51A.57 may be written upon the plan set forth in according to this section and section 66, or upon any other plan approved by the commissioner.

Sec. 60. Minnesota Statutes 1986, section 51A.38, subdivision 2, is amended to read:

Subd. 2. [APPRAISAL.] No investment in a real estate loan, the proceeds of which are used for the purchase of the real estate, shall be made until a qualified person or persons approved by the board of directors shall have made a physical inspection and submitted a signed appraisal of the value of the real estate securing such loan.

Sec. 61. Minnesota Statutes 1986, section 51A.38, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS.] Payments on real estate loans shall be applied first to other charges, then to the payment of interest on the unpaid balance of the loan, and the remainder on the reduction of principal; provided that if the loan is in default in any manner or is being assumed by the assignee of the mortgagor, payments may be applied by the association to payment of penalties or assumption charges as provided in the loan contract. All real estate loans may be prepaid in part or in full, at any time and the association shall not charge for such privilege of anticipatory payment an amount greater than 5 percent of the amount of such anticipatory payment. An association may charge a borrower a prepayment fee on any loan that is not a consumer loan. Unless otherwise agreed in writing, any

prepayment of principal on any loan may, at the option of the association, be applied on the final installment of the note or other obligation until fully paid, and thereafter on the installments in the inverse order of their maturity, or, at the option of the association, the payments may be applied from time to time wholly or partially to offset payments which subsequently accrue under the loan contract.

Sec. 62. Minnesota Statutes 1986, section 51A.38, subdivision 4, is amended to read:

Subd. 4. [EVIDENCE OF LOAN.] Every loan shall be evidenced by a note or instrument of obligation for the amount of the loan. The note or instrument shall specify the amount, rate of interest, or manner of calculating the rate of interest of a variable rate loan, and terms of repayment including any prepayment penalty or charge for late payment, mortgage assumption fee, and may contain all other terms of the loan contract.

Sec. 63. Minnesota Statutes 1986, section 51A.38, subdivision 5, is amended to read:

Subd. 5. [SECURITY INSTRUMENT FOR LOANS SECURED BY REAL ESTATE.] Every real estate loan secured by a mortgage on real property, including a real estate loan, shall be secured evidenced by a mortgage, deed of trust, or other transaction or instrument constituting a first lien or claim, ~~or the full equivalent thereof,~~ upon the real estate securing the loan, according to any lawful and recognized practice which is suited to the transaction. Any such instrument or transaction ~~constituting a first lien or claim is herein termed a "mortgage."~~ Such mortgage shall provide specifically for full protection to the association with respect to such loan and additional advances and the usual insurance risks, ground rents, taxes, assessments, other governmental levies, maintenance, and repairs. It may provide for an assignment of rents, and if such assignment is made, any such assignment shall be absolute upon the borrower's default, becoming operative upon written demand made by the association. All such mortgages shall be recorded in accordance with the law of this state.

Sec. 64. Minnesota Statutes 1986, section 51A.38, subdivision 7, is amended to read:

Subd. 7. [ADVANCES FOR TAXES.] An association may pay taxes, assessments, ground rents, insurance premiums, and other similar charges for the protection of its real estate loans any loan secured by a mortgage on real property, including a real estate loan. All such payments shall be added to the unpaid balance of the loan and shall be equally secured by the first lien on the property as provided above. An association may require life insurance to be assigned as additional collateral upon any real estate loan. In such

event, the association shall obtain a ~~first~~ lien upon such policy and may advance premiums thereon, and such premium advances shall be added to the unpaid balance of the loan and shall be equally secured by the first a lien on the property as provided above.

Sec. 65. Minnesota Statutes 1986, section 51A.38, subdivision 8, is amended to read:

Subd. 8. [PROVISION FOR TAXES, INSURANCE.] An association may require ~~the~~ a borrower on any loan secured by a mortgage on real property, including a real estate loan, to pay monthly in advance, in addition to interest or interest and principal payments, the equivalent of 1/12 of the estimated annual taxes, assessments, insurance premiums, ground rents, and other charges upon the real estate securing a loan, or any of such charges, so as to enable the association to pay such charges as they become due from the funds so received. The amount of such monthly charges may be increased or decreased so as to provide reasonably for the payment of the estimated annual taxes, assessment, insurance premiums, and other charges. The association at its option may hold such funds in trust and commingle them with other such funds and use the same for such purposes, or hold such funds in open account and commingle them with its own funds and advance like amounts for such purposes, or credit such funds as received to the mortgage account and advance a like amount for the purposes stated. If such funds are held in trust or invested in savings accounts, the amounts ~~shall~~ may be pledged to further secure the indebtedness and, if held in open account or credited to the loan account, the amounts when advanced for the purposes stated ~~shall~~ may be secured by the mortgage with the same priority as the original amount advanced under the mortgage. The association shall have no obligation to pay interest, earnings, or other increment to the borrower upon such monthly payments, nor to invest the same for the benefit of the borrower, unless such funds have been placed in a savings account or accounts in the borrower's name. Every association shall keep a record of the status of taxes, assessments, insurance, ground rents, and other charges on all real estate securing its real estate loans and on all real and other property owned by it.

Sec. 66. [51A.385] [TERMS AND CONDITIONS OF LOANS, CONTRACTS, AND EXTENSIONS OF CREDIT.]

Subdivision 1. [APPLICATION.] Except as otherwise provided in this section, this section applies to loans made by federal and state associations, and "association" as used in this section applies to federal and state associations.

Subd. 2. [FINANCE CHARGE FOR CREDIT SALES MADE BY A THIRD PARTY.] (a) A person may enter into a credit sale contract for sale to an association and an association may purchase and enforce a contract evidencing the sale, if the annual percentage rate

provided for in the contract does not exceed that permitted in this section, or, in the case of contracts governed by sections 168.66 to 168.77, the rates permitted by those sections.

(b) Except as provided in subdivision 4, the annual percentage rate may not exceed the equivalent of the greater of either of the following:

(1) the total of:

(i) 36 percent per year on that part of the unpaid balances of the amount financed which is \$300 or less;

(ii) 21 percent per year on that part of the unpaid balances of the amount financed which exceeds \$300 but does not exceed \$1,000; and

(iii) 15 percent per year on that part of the unpaid balances of the amount financed which exceeds \$1,000; or

(2) 19 percent per year on the unpaid balances of the amount financed.

(c) This subdivision does not limit or restrict the manner of calculating or charging the finance charge whether by way of add-on, discount, discount points, single annual percentage rate, precomputed charges, variable rate, interest in advance, compounding or otherwise, if the annual percentage rate calculated under paragraph (d) does not exceed that permitted by this section. The finance charge may be contracted for and earned at the single annual percentage rate that would earn the same finance charge as the graduated rates when the debt is paid according to the agreed terms and the finance charge is calculated under paragraph (d). If a finance charge is calculated or collected in advance, or included in the principal amount of the contract, and the borrower prepays the contract in full, the association shall credit the borrower with a refund of the charge based on the actuarial method of computing an unearned finance charge.

(d) The annual percentage rate must be calculated in accordance with Code of Federal Regulations, title 12, part 226, but using the definition of finance charge in section 51A.02, and computed on the basis of a 365-day year.

Subd. 3. [FINANCE CHARGE FOR LOANS.] Except as provided in subdivision 4:

(a) With respect to a loan, including a loan pursuant to open-end credit but excluding open-end credit pursuant to a credit card, an association may contract for and receive a finance charge at an

annual percentage rate not exceeding 19 percent per year. With respect to open-end credit pursuant to a credit card, an association may contract for and receive a finance charge at an annual percentage rate not exceeding 18 percent per year. With respect to a loan made pursuant to open-end credit, the finance charge shall be considered not to exceed the maximum annual percentage rate permitted pursuant to this section if the finance charge contracted for and received does not exceed the equivalent of the maximum annual percentage rate computed on a 365-day year calculated in accordance with Code of Federal Regulations, title 12, part 226, but using the definition of finance charge in section 51A.02.

(b) This subdivision does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount, single annual percentage rate, variable rate, interest in advance, compounding, average daily balance method, or otherwise, if the annual percentage rate does not exceed that permitted by this section. If a finance charge is calculated or collected in advance, or included in the principal amount of the loan, and the borrower prepays the loan in full, the association shall credit the borrower with a refund of the charge to the extent that the annual percentage rate on the loan would exceed the maximum rate permitted under paragraph (a), taking into account the prepayment.

Subd. 4. [ADDITIONAL AUTHORITY.] Extensions of credit, and purchases of extensions of credit, authorized by sections 47.20, subdivision 1, 3, or 4a; 47.204; 47.21; 48.153; 48.185; sections 168.66 to 168.77, or section 334.01, subdivision 2; and section 334.011 may, but need not, be made pursuant to those sections in lieu of the authority set forth in subdivisions 1 to 3, and if so, are subject to the provisions of those sections, and not the provisions of this section, except this subdivision. An association may also charge an organization any rate of interest and any charges agreed to by the borrower, and may calculate and collect finance and other charges in any manner agreed to by the borrower. Except for extensions of credit the association elects to make under section 334.01, subdivision 2; or 334.011, the provisions of chapter 334 do not apply to extensions of credit made pursuant to this section or the sections mentioned in this subdivision.

Subd. 5. [ADDITIONAL CHARGES.] (a) In addition to the finance charges permitted by this section, an association may contract for and receive the following additional charges which may be included in the amount financed:

(1) official fees and taxes;

(2) charges for insurance as described in paragraph (b);

(3) with respect to a loan secured by real estate, including a real estate loan, the following "closing costs," if they are bona fide,

reasonable in amount, and not for the purpose of circumvention or evasion of this section:

(i) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(ii) fees for preparation of a deed, mortgage, settlement statement, or other documents, if not paid to the association;

(iii) escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents;

(iv) fees for notarizing deeds and other documents; and

(v) appraisal and credit report fees;

(4) a delinquency charge on any installment, including the minimum payment due in connection with the open-end credit, not paid in full on or before the tenth day after its due date in an amount not to exceed five percent of the amount of the installment;

(5) for any returned check or returned automatic payment withdrawal request, an amount not in excess of the service charge limitation in section 332.50; and

(6) charges for other benefits, including insurance, conferred on the borrower that are of a type that is not for credit.

(b) An additional charge may be made for insurance written in connection with the loan:

(1) with respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the association furnishes a clear, conspicuous, and specific statement in writing to the borrower setting forth the cost of the insurance if obtained from or through the association and stating that the borrower may choose the person through whom the insurance is to be obtained;

(2) with respect to credit insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the association, and this fact is clearly and conspicuously disclosed in writing to the borrower, and the borrower gives specific, dated, and separately signed affirmative written indication of the borrower's desire to do so after written disclosure to the borrower of the cost of the insurance; and

(3) with respect to vendor's single interest insurance, but only (i) to the extent that the insurer has no right of subrogation against the borrower, and (ii) to the extent that the insurance does not duplicate

the coverage of other insurance under which loss is payable to the association as its interest may appear, against loss of or damage to property for which a separate charge is made to the borrower pursuant to paragraph (b), clause (1), and (iii) if a clear, conspicuous, and specific statement in writing is furnished by the association to the borrower setting forth the cost of the insurance if obtained from or through the association and stating that the borrower may choose the person through whom the insurance is to be obtained.

(c) In addition to the finance charges and other additional charges permitted by this section, an association may contract for and receive the following additional charges in connection with open-end credit:

(1) annual charges, not to exceed \$50 per annum, payable in advance, for the privilege of opening and maintaining open-end credit;

(2) charges for the use of an automated teller machine;

(3) charges for any monthly or other periodic payment period in which the borrower has exceeded or, except for the association's dishonor would have exceeded, the maximum approved credit limit, in an amount not in excess of the service charge permitted in section 332.50;

(4) charges for obtaining a cash advance in an amount not to exceed the service charge permitted in section 332.50; and

(5) charges for check and draft copies and for the replacement of lost or stolen credit cards.

Subd. 6. [ADVANCES TO PERFORM COVENANTS OF BORROWER OR PURCHASER.] (a) If the agreement with respect to a loan or contract contains covenants by the borrower or purchaser to perform certain duties pertaining to insuring or preserving collateral and the association pursuant to the agreement pays for performance of the duties on behalf of the borrower or purchaser, the association may add to the debt or contract balance the amounts so advanced. Within a reasonable time after advancing any sums, the association shall state to the borrower or purchaser in writing the amount of sums advanced, any charges with respect to this amount, and any revised payment schedule and, if the duties of the borrower or purchaser performed by the association pertain to insurance, a brief description of the insurance paid for by the association including the type and amount of coverages. Further information need not be given.

(b) A finance charge equal to that specified in the loan agreement or contract may be made for sums advanced under paragraph (a).

Subd. 7. [ATTORNEY'S FEES.] With respect to a loan or credit sale, the agreement may provide for payment by the borrower of the attorney's fees incurred in connection with collection or foreclosure.

Subd. 8. [RIGHT TO PREPAY.] The borrower or purchaser may prepay in full the unpaid balance of a consumer loan or contract, at any time without penalty.

Subd. 9. [CREDIT INSURANCE.] (a) The sale of credit insurance is subject to the provisions of chapter 62B and the rules adopted under that chapter, but the term of the insurance may exceed 60 months if the loan exceeds 60 months and the insurance will nevertheless be subject to chapter 62B and the rules adopted under that chapter.

(b) An association which provides credit insurance in relation to open-end credit may calculate the charge to the borrower in each billing cycle by applying the current premium rate to the balance in the manner permitted with respect to finance charges by the provisions on finance charge in this section.

(c) Upon prepayment in full of a consumer loan by the proceeds of credit insurance, the consumer or the consumer's estate is entitled to a refund of any portion of a separate charge for insurance which by reason of prepayment is retained by the association or returned to it by the insurer, unless the charge was computed from time to time on the basis of the balances of the consumer's loan.

(d) This section does not require an association to grant a refund to the consumer if all refunds due to the consumer under paragraph (c) amount to less than \$1 and, except as provided in paragraph (c), does not require the association to account to the consumer for any portion of a separate charge for insurance because:

(1) the insurance is terminated by performance of the insurer's obligation;

(2) the association pays or accounts for premiums to the insurer in amounts and at times determined by the agreement between them;
or

(3) the association receives directly or indirectly under any policy of insurance a gain or advantage not prohibited by law.

(e) Except as provided in paragraph (d), the association shall promptly make or cause to be made an appropriate refund to the consumer with respect to any separate charge made to the consumer for insurance if:

(1) the insurance is not provided or is provided for a shorter term

than for which the charge to the borrower for insurance was computed; or

(2) the insurance terminates before the end of the term for which it was written because of prepayment in full or otherwise.

(f) If an association requires insurance, upon notice to the borrower, the borrower has the option of providing the required insurance through an existing policy of insurance owned or controlled by the borrower, or through a policy to be obtained and paid for by the borrower, but the association for reasonable cause may decline the insurance provided by the borrower.

Subd. 10. [PROPERTY AND LIABILITY INSURANCE.] (a) Except as otherwise provided in this section and subject to the provisions on additional charges and maximum finance charges in this section, an association may agree to provide property and liability insurance, and may contract for and receive a charge for such insurance separate from and in addition to other charges. An association need not make a separate charge for the insurance provided or required by it. This section does not authorize the issuance of the insurance prohibited under any statute or rule governing the business of insurance.

(b) This section does not apply to an insurance premium loan. An association may request cancellation of a policy of property or liability insurance only after the borrower's default or in accordance with a written authorization by the borrower. In either case, the cancellation does not take effect until written notice is delivered to the borrower or mailed to the borrower at the borrower's address as stated by the borrower. The notice must state that the policy may be canceled on a date not less than ten days after the notice is delivered, or, if the notice is mailed, not less than 13 days after it is mailed. A cancellation may not take effect until those notice periods expire.

Subd. 11. [CONSUMER PROTECTIONS.] (a) Associations shall comply with the requirements of the Federal Truth in Lending Act, United States Code, title 15, section 1601 to 1693, in connection with a consumer loan or credit sale for a consumer loan purpose.

(b) Associations shall comply with the following consumer protection provisions in connection with a consumer loan or credit sale for a consumer purpose: sections 325G.02 to 325G.05; 325G.06 to 325G.11; 325G.15 to 325G.22; and 325G.29 to 325G.36, and the Code of Federal Regulations, title 12, part 535.

(c) An assignment of a consumer's earnings by the consumer to an association as payment or as security for payment of a debt arising out of a consumer loan or consumer credit sale is unenforceable by the association and revocable by the consumer.

Subd. 12. [LOANS OTHER THAN CONSUMER LOANS.] Loans other than consumer loans are not subject to the provisions and limitations of subdivisions 3, 5, 8, 9, 10, and 11.

Subd. 13. [EFFECT OF VIOLATIONS ON RIGHTS OF PARTIES.] (a) If an association has violated any provision of this section applying to collection of finance or other charges, the borrower has a cause of action to recover damages and also a right in an action other than a class action, to recover from the association violating this section a penalty in an amount determined by the court not less than \$100 nor more than \$1,000. With respect to violations arising from other than open-end credit transactions, no action may be brought pursuant to this paragraph and no set-off or recoupment may be asserted pursuant to this paragraph, more than one year after the making of the debt.

(b) A borrower is not obligated to pay a charge in excess of that allowed by this section and has a right of refund of any excess charge paid. A refund may not be made by reducing the borrower's obligation by the amount of the excess charge, unless the association has notified the borrower that the borrower may request a refund and the borrower has not so requested within 30 days thereafter. If the debtor has paid an amount in excess of the lawful obligation under the agreement, the borrower may recover the excess amount from the association who made the excess charge or from an assignee of the association's rights who undertakes direct collection of payments from or enforcement of rights against borrowers arising from the debt.

(c) If an association has contracted for or received a charge in excess of that allowed by this section, or if a borrower is entitled to a refund and a person liable to the borrower refuses to make a refund within a reasonable time after demand, the borrower may recover from the association or the person liable in an action other than a class action a penalty in an amount determined by the court not less than \$100 nor more than \$1,000. With respect to excess charges arising from other than open-end credit transactions, no action pursuant to this paragraph may be brought more than one year after the making of the debt. For purposes of this paragraph, a reasonable time is presumed to be 30 days.

(d) A violation of this section does not impair rights on a debt.

(e) An association is not liable for a penalty under paragraph (a) or (c) if it notifies the borrower of a violation before the association receives from the borrower written notice of the violation or the borrower has brought an action under this section, and the association corrects the violation within 45 days after notifying the borrower. If the violation consists of a prohibited agreement, giving the borrower a corrected copy of the writing containing the violation

is sufficient notification and correction. If the violation consists of an excess charge, correction must be made by an adjustment or refund.

(f) An association may not be held liable in an action brought under this section for a violation of this section if the association shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error.

(g) In an action in which it is found that an association has violated this section, the court shall award to the borrower the costs of the action and to the borrower's attorneys their reasonable fees.

Sec. 67. Minnesota Statutes 1986, section 51A.40, is amended to read:

51A.40 [DEALING WITH SUCCESSORS IN INTEREST.]

In the case of any investment made by an association in a real estate loan secured by a mortgage on real property, including a real estate loan, in the event the ownership of the real estate security or any part thereof becomes vested in a person other than the party or parties originally executing the security instruments, and provided there is not an agreement in writing to the contrary, an association may, without notice to such party or parties, deal with such successor or successors in interest with reference to said mortgage and the debt thereby secured in the same manner as with such party or parties, and may forbear to sue or may extend time for payment of or otherwise modify the terms of the debt secured thereby, without discharging or in any way affecting the original liability of such party or parties thereunder or upon the debt thereby secured.

Sec. 68. Minnesota Statutes 1986, section 51A.44, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL REPORT.] On or before the last day of ~~January~~ April in each year, every association shall make an annual written report to the commissioner, upon a form to be prescribed and furnished by the commissioner, of its affairs and operations, which shall include a complete statement of its financial condition, including a statement of income and expense since its last previous similar report, for the 12 months ending on the 31st day of December of the previous year. Every such report shall be verified by the president and treasurer.

Sec. 69. Minnesota Statutes 1986, section 51A.48, is amended to read:

51A.48 [RIGHT TO DECLARATORY JUDGMENT.]

At any time after any controversy has arisen between the commissioner and an association with respect to any question of law or rule or with respect to any question involving immeasurable or irreparable damage to the association, and prior to an administrative or judicial hearing, the association or the commissioner may apply to any court of competent jurisdiction in the county in which the principal home office of the association is located for a declaratory judgment as to such question, and such court shall have and shall take jurisdiction and decide the controversy on its merits in accordance with the weight of the evidence, and such court shall have full power to enforce its orders.

Sec. 70. Minnesota Statutes 1986, section 51A.50, is amended to read:

51A.50 [FEDERAL SAVINGS ASSOCIATIONS AND SAVINGS BANKS.]

Federal savings associations, federal savings banks, or federal savings and loan associations, incorporated pursuant to the laws of the United States, as now or hereafter amended, are not foreign corporations or foreign associations. Unless federal laws or regulations provide otherwise, federal associations, federal savings banks, and the members or stockholders thereof shall possess all of the rights, powers, privileges, benefits, immunities, and exemptions that are now provided or that hereafter may be provided by the laws of this state for savings associations organized under the laws of this state and for the members or stockholders thereof. This provision is additional and supplemental to any provision which, by specific reference, is applicable to federal associations and the members or stockholders thereof. Federal savings banks shall possess all of the rights, powers, privileges, benefits, immunities, liabilities, and exemptions that are now provided or that hereafter may be provided by the laws of this state for federal savings and loan associations. The following sections apply to federal associations, except to the extent they are inconsistent with federal law or regulations: sections 51A.01; 51A.02; 51A.065; 51A.15, subdivision 6; 51A.21, subdivisions 6a, 15, 16, 22, 25, 27, and 28; 51A.23, subdivision 1; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.37, subdivisions 1, 2, 3, paragraphs (a), (c), (d), 4, 5, 6, 7, 8, 9, 10, 11, and 12; 51A.38; 51A.385; 51A.40; 51A.50; 51A.52; 51A.56; and 51A.57.

Sec. 71. Minnesota Statutes 1986, section 51A.51, subdivision 1, is amended to read:

Subdivision 1. **[FEES TO BE PAID TO STATE TREASURER.]** Associations An association shall pay fees by delivering to the commissioner a check payable to the state treasurer.

Sec. 72. Minnesota Statutes 1986, section 51A.53, is amended to read:

51A.53 [POWERS OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS; APPROVAL.]

Subject to the approval of the commissioner, any savings and loan association organized under sections 51A.01 to 51A.57 is hereby vested with all the powers conferred upon a federal savings and loan association organized under the laws and regulations of the United States or its agencies, as amended, as fully and completely as if the powers were specifically enumerated and described herein, provided that the same are not specifically prohibited by state law.

Sec. 73. Minnesota Statutes 1986, section 51A.56, is amended to read:

51A.56 [ACT CONTROLLING.]

Insofar as the provisions of sections 51A.01 to 51A.57 are inconsistent with the provisions of any other law affecting savings associations, the provisions of sections 51A.01 to 51A.57 shall control.

Sec. 74. Minnesota Statutes 1986, section 118.005, subdivision 1, is amended to read:

Subdivision 1. The governing body of every municipality, as defined in section 118.01, which has the power to receive and disburse funds, shall designate as a depository of the funds such national, insured state banks or thrift institutions as defined in section 51A.02, subdivision 23 54, as it may deem proper. The governing body may authorize the treasurer or chief financial officer to exercise the powers of the governing body in designating a depository of the funds.

For purposes of this chapter, a credit union is a thrift institution.

Sec. 75. [REPEALER.]

Minnesota Statutes 1986, sections 51A.03, subdivision 2a; 51A.05, subdivisions 3, 4, and 5; 51A.091; 51A.11, subdivision 3; 51A.18; 51A.19, subdivisions 2 and 3; 51A.21, subdivisions 6 and 19; 51A.23, subdivisions 2, 3, 4, and 5; 51A.37, subdivisions 7 and 9; 51A.38, subdivision 6; and 51A.39 are repealed.

Sec. 76. [EFFECTIVE DATE.]

Sections 1 to 75 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to financial institutions; savings and loan associations; defining terms; adding clarifying language; regulating incorporations; regulating mutual to stock conversions; providing for corporate governance of capital stock associations; regulating the powers of saving associations; regulating deposit accounts; regulating investments; regulating terms and conditions of loans, contracts, and extensions of credit; providing state-chartered savings associations the same rights and powers that may be exercised by a federal savings association doing business in Minnesota; amending Minnesota Statutes 1986, sections 51A.02; 51A.03, by adding a subdivision; 51A.041, subdivisions 1 and 4, and by adding a subdivision; 51A.05, subdivision 1, and by adding a subdivision; 51A.06, subdivision 3; 51A.065, subdivisions 1, 3, 4, 8, and by adding a subdivision; 51A.07; 51A.10; 51A.11, subdivision 1; 51A.12; 51A.13; 51A.15, subdivision 2; 51A.17; 51A.19, subdivisions 1, 8, and 10; 51A.21, subdivisions 1, 5, 7, 9, 14, 15, 17, 21, and by adding subdivisions; 51A.251; 51A.261; 51A.262; 51A.28; 51A.31, subdivision 1; 51A.32; 51A.35; 51A.361; 51A.37, subdivisions 1, 2, 3, 4, and by adding subdivisions; 51A.38, subdivisions 1, 2, 3, 4, 5, 7, and 8; 51A.40; 51A.44, subdivision 1; 51A.48; 51A.50; 51A.51, subdivision 1; 51A.53; 51A.56; and 118.005, subdivision 1; Minnesota Statutes 1987 Supplement, section 51A.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 48 and 51A; repealing Minnesota Statutes 1986, sections 51A.03, subdivision 2a; 51A.05, subdivisions 3, 4, and 5; 51A.091; 51A.11, subdivision 3; 51A.18; 51A.19, subdivisions 2 and 3; 51A.21, subdivisions 6 and 19; 51A.23, subdivisions 2, 3, 4, and 5; 51A.37, subdivisions 7 and 9; 51A.38, subdivision 6; and 51A.39."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 125, 445, 1874, 2010 and 2201 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1701, 1875, 1673, 1822, 1970, 1646, 1721, 2137, 1686, 1749, 1948, 1620, 1564, 1587, 2117, 1742 and 1867 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Murphy, Vanasek, Wynia, Schreiber and Simoneau introduced:

H. F. No. 2786, A bill for an act relating to state government; creating a task force for the adoption of criteria for state symbols; requiring a report; requiring the creation of a legislative committee to review legislation creating state symbols; prohibiting the introduction of bills without approval of the committee; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Bishop, Kelly, Vellenga, Wagenius and Pappas introduced:

H. F. No. 2787, A bill for an act relating to crimes; requiring imposition of mandatory minimum fines for unlawfully selling cocaine, heroin, marijuana, hashish, and tetrahydrocannabinols; amending Minnesota Statutes 1986, section 152.15, by adding subdivisions.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 2120, A bill for an act relating to public meetings; authorizing the governing board of a joint vocational technical district to establish meeting sites; amending Minnesota Statutes 1986, section 136C.61, by adding a subdivision.

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. 85, A bill for an act relating to consumer protection; requiring certain disclosures in sales of used motor vehicles; regulating new and used motor vehicle licenses; providing certain standards in applications for certificates of title; requiring certain disclosures upon the transfer of a motor vehicle; amending Minnesota Statutes 1986, sections 168.27, subdivisions 1, 2, 3, 4, 8, 10, 12, and 24; 169.57, by adding a subdivision; 325E.0951, by adding a subdivision; 325G.18; and 336.2-316; proposing coding for new law in Minnesota Statutes, chapters 168 and 168A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Begich moved that the House concur in the Senate amendments to H. F. No. 85 and that the bill be repassed as amended by the Senate.

Begich moved that the House refuse to concur in the Senate amendments to H. F. No. 85, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

H. F. No. 1806, A bill for an act relating to state agencies; amending and repealing various statutes administered by the state board of investments; amending Minnesota Statutes 1986, sections 11A.17, subdivisions 1, 4, 9, 11, and 14; 11A.19, subdivision 4; and 352D.04, subdivision 1; Minnesota Statutes 1987 Supplement, sections 11A.24, subdivisions 4 and 6; 136.81, subdivision 3; and 353D.05, subdivision 2; repealing Minnesota Statutes 1986, section 11A.17, subdivisions 12 and 13.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Simoneau moved that the House concur in the Senate amend-

ments to H. F. No. 1806 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1806, A bill for an act relating to state agencies; amending and repealing various statutes administered by the state board of investments; amending Minnesota Statutes 1986, sections 11A.17, subdivisions 1, 4, 9, 11, and 14; 11A.19, subdivision 4; and 352D.04, subdivision 1; Minnesota Statutes 1987 Supplement, sections 11A.24, subdivisions 4 and 6; 136.81, subdivision 3; and 353D.05, subdivision 2; repealing Minnesota Statutes 1986, section 11A.17, subdivisions 12 and 13.

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 97 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Haukoos	Lasley	Onnen	Skoglund
Battaglia	Heap	Lieder	Otis	Solberg
Bauerly	Jacobs	Long	Ozment	Steensma
Begich	Jaros	McEachern	Pappas	Swiggum
Bennett	Jefferson	McKasy	Pelowski	Swenson
Bertram	Jennings	McLaughlin	Peterson	Tompkins
Blatz	Jensen	Minne	Poppenhagen	Trimble
Boo	Johnson, A.	Morrison	Price	Tunheim
Brown	Johnson, R.	Munger	Quinn	Uphus
Burger	Kahn	Murphy	Reding	Vellenga
Carlson, L.	Kalis	Nelson, C.	Rest	Voss
Carruthers	Kelly	Nelson, D.	Rice	Wagenius
Clark	Kelso	Nelson, K.	Riveness	Welle
Cooper	Kinkel	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kludt	O'Connor	Rose	Winter
DeBlieck	Knickerbocker	Ogren	Rukavina	Wynia
Frederick	Knuth	Olsen, S.	Sarna	Spk. Vanasek
Greenfield	Kostohryz	Olson, E.	Seaberg	
Gruenes	Krueger	Olson, K.	Segal	
Hartle	Larsen	Omann	Simoneau	

Those who voted in the negative were:

Bishop	Dorn	Marsh	Osthoff	Scheid
Carlson, D.	Forsythe	McDonald	Pauly	Schreiber
Clausnitzer	Frerichs	McPherson	Quist	Thiede
Dauner	Himle	Milbert	Redalen	Valento
Dempsey	Hugoson	Miller	Richter	Waltman
DeRaad	Johnson, V.	Orenstein	Schafer	

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. 2083, A bill for an act relating to health; making technical modifications of the immunization law; amending Minnesota Statutes 1986, section 123.70, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Orenstein moved that the House concur in the Senate amendments to H. F. No. 2083 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2083, A bill for an act relating to health; making technical modifications of the immunization law; amending Minnesota Statutes 1986, section 123.70, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9.

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

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

Those who voted in the affirmative were:

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

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. 1831, A bill for an act relating to intoxicating liquor; authorizing issuance of one on-sale liquor license on an excursion and dinner boat on Detroit Lake, Becker county; authorizing issuance of an on-sale liquor license to Fort Snelling.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Poppenhagen moved that the House concur in the Senate amendments to H. F. No. 1831 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1831, A bill for an act relating to intoxicating liquor; authorizing issuance of one on-sale liquor license on an excursion and dinner boat on Detroit Lake, Becker County; authorizing issuance of an on-sale liquor license to Fort Snelling.

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

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dempsey	Jensen	McKasy	Osthoff
Anderson, R.	DeRaad	Johnson, A.	McLaughlin	Otis
Battaglia	Dille	Johnson, R.	McPherson	Ozment
Bauerly	Dorn	Johnson, V.	Milbert	Pappas
Begich	Forsythe	Kahn	Miller	Pauly
Bennett	Frederick	Kalis	Minne	Pelowski
Bertram	Frerichs	Kelly	Munger	Peterson
Blatz	Greenfield	Kelso	Murphy	Poppenhagen
Boo	Gruenes	Kinkel	Nelson, C.	Quinn
Burger	Gutknecht	Kludt	Nelson, D.	Quist
Carlson, D.	Hartle	Knickerbocker	Nelson, K.	Redalen
Carlson, L.	Haukoos	Knuth	Neuenschwander	Reding
Carruthers	Heap	Kostohryz	O'Connor	Rest
Clark	Himle	Krueger	Olsen, S.	Richter
Clausnitzer	Hugoson	Lasley	Olsen, E.	Riveness
Cooper	Jacobs	Lieder	Olsen, K.	Rodosovich
Dauner	Jaros	Long	Omann	Rose
Dawkins	Jefferson	Marsh	Onnen	Rukavina
DeBlick	Jennings	McDonald	Orenstein	Sarna

Schafer	Simoneau	Thiede	Valento	Wenzel
Scheid	Solberg	Tjornhom	Vellenga	Winter
Schreiber	Sparby	Tompkins	Voss	Spk. Vanasek
Seaberg	Steensma	Trimble	Wagenius	
Segal	Sviggum	Tunheim	Waltman	
Shaver	Swenson	Uphus	Welle	

Those who voted in the negative were:

Larsen	Price	Skoglund
McEachern	Rice	Wynia

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. 1989, A bill for an act relating to education; creating a child care task force; specifying membership; requiring a report.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Trimble moved that the House concur in the Senate amendments to H. F. No. 1989 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1989, A bill for an act relating to education; creating a task force on child care in higher education.

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

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Burger	Dempsey	Hartle	Johnson, A.
Anderson, R.	Carlson, D.	DeRaad	Haukoos	Johnson, V.
Battaglia	Carlson, L.	Dille	Heap	Kahn
Bauerly	Carruthers	Dorn	Himle	Kalis
Begich	Clark	Forsythe	Hugoson	Kelly
Bennett	Clausnitzer	Frederick	Jacobs	Kelso
Bertram	Cooper	Frerichs	Jaros	Kludd
Blatz	Dauner	Greenfield	Jefferson	Knickerbocker
Boo	Dawkins	Gruenes	Jennings	Knuth
Brown	DeBlieck	Gutknecht	Jensen	Kostohryz

Krueger	Murphy	Pappas	Sarna	Tjornhom
Larsen	Nelson, C.	Pauly	Schafer	Tompkins
Lasley	Nelson, D.	Pelowski	Scheid	Trimble
Lieder	Nelson, K.	Peterson	Schreiber	Tunheim
Long	Neuenschwander	Poppenhagen	Seaberg	Uphus
Marsh	O'Connor	Price	Segal	Valento
McDonald	Olsen, S.	Quinn	Shaver	Vellenga
McEachern	Olson, E.	Redalen	Simoneau	Voss
McKasy	Olson, K.	Reding	Skoglund	Wagenius
McLaughlin	Omann	Rest	Solberg	Waltman
McPherson	Onnen	Richter	Sparby	Welle
Milbert	Orenstein	Riveness	Steensma	Wenzel
Miller	Osthoff	Rodosovich	Sviggum	Winter
Minne	Otis	Rose	Swenson	Wynia
Munger	Ozment	Rukavina	Thiede	Spk. Vanasek

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. 1853. A bill for an act relating to health; clarifying an existing statute that requires insurance plans to cover the services provided by a registered nurse engaged in advanced nursing practice to the same extent that the services would be covered if provided by a physician; including nurse practitioners and clinical specialists in psychiatric or mental health nursing among the roles specifically listed as examples of advanced nursing practice; amending Minnesota Statutes 1986, section 62A.15, subdivision 3a.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Voss moved that the House concur in the Senate amendments to H. F. No. 1853 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1853. A bill for an act relating to health; clarifying an existing statute that requires insurance plans to cover the services provided by a registered nurse engaged in advanced nursing practice to the same extent that the services would be covered if provided by a physician; including nurse practitioners and clinical specialists in psychiatric or mental health nursing among the roles specifically listed as examples of advanced nursing practice; requiring coverage for routine diagnostic procedures for cancer; amending Minnesota Statutes 1986, section 62A.15, subdivision 3a; proposing coding for new law in Minnesota Statutes, chapter 62A.

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

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

Those who voted in the affirmative were:

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

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

DeRaad was excused between the hours of 2:30 p.m. and 5:20 p.m.

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. 1858, A bill for an act relating to the environment; designating the Willard Munger Trail; amending Minnesota Statutes 1986, section 85.015, subdivision 11.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Anderson, G., moved that the House concur in the Senate amend-

ments to H. F. No. 1858 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1858, A bill for an act relating to the environment; designating the Willard Munger Trail; amending Minnesota Statutes 1986, section 85.015, subdivision 11.

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

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

Those who voted in the affirmative were:

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

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. 320, A bill for an act relating to statutes; removing certain gender references; amending Minnesota Statutes 1986, section 459.16.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Scheid moved that the House concur in the Senate amendments to H. F. No. 320 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 320, A bill for an act relating to public rest rooms; eliminating provisions regulating public rest rooms maintained by statutory cities and cities of the fourth class; repealing Minnesota Statutes 1986, sections 459.15 to 459.18.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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. 2312, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to sell certain lands in Itasca county.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Ozment moved that the House concur in the Senate amendments to H. F. No. 2312 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2312, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to sell certain lands in Itasca county.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

MOTIONS FOR RECONSIDERATION

Poppenhagen moved that the vote whereby H. F. No. 1831, as amended by the Senate, was repassed earlier today be now reconsidered. The motion prevailed.

Poppenhagen moved that the action whereby H. F. No. 1831, as amended by the Senate, was given its third reading earlier today be now reconsidered. The motion prevailed.

Poppenhagen moved that the vote whereby the House concurred in the Senate amendments to H. F. No. 1831 earlier today be now reconsidered. The motion prevailed.

Poppenhagen moved that the House refuse to concur in the Senate amendments to H. F. No. 1831, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

H. F. No. 1790, A bill for an act relating to commerce; safe deposit companies; providing for performance of will searches upon safe deposit box renter's death; amending Minnesota Statutes 1986, section 55.10, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Skoglund moved that the House refuse to concur in the Senate amendments to H. F. No. 1790, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 2214, 2102, 1652 and 1744.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1700, 974, 2206, 2150 and 2203.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 2235, 2452, 2217, 2090 and 1328.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1689, 1674 and 1388.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1761, 1835 and 994.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1304, 2376 and 1795.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1661, 1932 and 2243.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1955, 2292 and 2289.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 2097, 2191 and 2323.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 2456, 1632 and 2355.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1851, 308 and 1553.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1871, 2119 and 1879.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 2017, 2245 and 335.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1830, 1735 and 30.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 2255, 1821 and 2009.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 2226, 2384 and 2096.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1769, 2395 and 2266.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 1695, 1800, 1882, 1681 and 1086.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2214, A bill for an act relating to natural resources; authorizing the commissioner to sell certain surplus lands to local governments for local recreation or natural resource purposes; authorizing the commissioner of natural resources to convey road and flowage easements in certain circumstances; transferring duties and powers of county auditors and treasurers relating to sales of certain classes of state land to the commissioner; transferring the authority to issue state land patents from the governor to the commissioner; specifying the amount above appraised value that the commissioner may pay when acquiring land; authorizing long-term leases of state land for certain purposes; modifying certain provisions of land exchange laws relating to appraisals and fees; implementing exchanges of public land authorized by the constitution; authorizing exchange of school trust land located within a state park; appointing an independent trustee and legal counsel for land exchanges involving school trust land; providing a procedure for exchange of Class B land with Class A or Class C land; authorizing governmental units to exchange land in the same manner as private persons; amending Minnesota Statutes 1986, sections 84.027, by adding a subdivision; 84.631; 85.015, subdivision 1; 92.16, subdivision 1; 92.23; 92.24; 92.26; 92.27; 92.29; 92.50, subdivision 1; 94.342, subdivision 3, and by adding subdivisions; 94.343, subdivisions 3 and 9; 94.344, subdivisions 1, 3, 7, and 10; 94.348; Minnesota Statutes 1987 Supplement, sections 84.0272; and 105.392, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 84 and 92; repealing Minnesota Statutes 1986, section 92.25.

The bill was read for the first time.

Jennings moved that S. F. No. 2214 and H. F. No. 2349, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2102, A bill for an act relating to the city of Minneapolis; authorizing the Minneapolis park and recreation board to establish compensation for its members; amending Laws 1974, chapter 181, section 1, as amended.

The bill was read for the first time.

Nelson, K., moved that S. F. No. 2102 and H. F. No. 2234, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1652, A bill for an act relating to marriage dissolution; providing for the valuation of pension benefits; amending Minnesota Statutes 1987 Supplement, section 518.582, subdivision 1.

The bill was read for the first time.

Kludt moved that S. F. No. 1652 and H. F. No. 2381, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1744, A bill for an act relating to animals; regulating dangerous and potentially dangerous dogs; providing penalties; amending Minnesota Statutes 1986, sections 609.226; and 609.227; proposing coding for new law in Minnesota Statutes, chapter 347.

The bill was read for the first time.

Scheid moved that S. F. No. 1744 and H. F. No. 2430, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1700, A bill for an act relating to metropolitan government; scheduling the payment of certain watershed improvement costs; amending Minnesota Statutes 1986, section 473.883, subdivisions 2 and 4.

The bill was read for the first time.

Price moved that S. F. No. 1700 and H. F. No. 1857, now on Special

Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 974, A resolution memorializing the President, Congress, and the Federal Aviation Administration to accelerate the modernization of commercial aircraft fleets operating in and to the United States by requiring the use of quieter, Stage 3 aircraft.

The bill was read for the first time.

Skoglund moved that S. F. No. 974 and H. F. No. 681, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2206, A bill for an act relating to human services; requiring county community social service plans to address the county's responsibility to establish a system of early intervention services for handicapped children; amending Minnesota Statutes 1987 Supplement, section 256E.09, subdivision 3.

The bill was read for the first time.

Vellenga moved that S. F. No. 2206 and H. F. No. 2370, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2150, A bill for an act relating to state contracts; prohibiting the state from requiring Indian tribes or bands to deny their sovereignty to contract with the state; amending Minnesota Statutes 1986, section 16B.06, by adding a subdivision.

The bill was read for the first time.

Peterson moved that S. F. No. 2150 and H. F. No. 2429, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2203, A bill for an act relating to human services; authorizing a county to establish an adult protection team; requiring records to be maintained; proposing coding for new law in Minnesota Statutes, chapter 626.

The bill was read for the first time.

Blatz moved that S. F. No. 2203 and H. F. No. 2486, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2235, A bill for an act relating to workers' compensation; regulating the location of certain medical examinations; amending Minnesota Statutes 1987 Supplement, section 176.155, subdivision 1.

The bill was read for the first time.

Tunheim moved that S. F. No. 2235 and H. F. No. 2286, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2452, A bill for an act relating to public safety; providing that bomb disposal workers are state employees when disposing of bombs outside the jurisdiction of their municipal employer, for purposes of tort claims and workers' compensation; amending Minnesota Statutes 1987 Supplement, section 3.732, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 176.

The bill was read for the first time.

Kelly moved that S. F. No. 2452 and H. F. No. 2478, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2217, A bill for an act relating to state lands; authorizing transfer of certain state lands in Ramsey county to the city of Mounds View.

The bill was read for the first time.

Voss moved that S. F. No. 2217 and H. F. No. 2475, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2090, A bill for an act relating to state lands; authorizing a certain conveyance by the commissioner of natural resources to the city of Big Fork.

The bill was read for the first time.

Neuenschwander moved that S. F. No. 2090 and H. F. No. 2585, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1328, A bill for an act relating to public safety; altering certain requirements concerning fencing of unused mine pits and shafts; providing modification to certain public and private liability

laws; providing penalties; amending Minnesota Statutes 1986, sections 87.024; 180.01; 180.03, subdivisions 2 and 3; 180.06; 180.10; 466.03, subdivisions 6c and 13; Minnesota Statutes 1987 Supplement, sections 3.732, subdivision 1; and 3.736, subdivision 3.

The bill was read for the first time.

Begich moved that S. F. No. 1328 and H. F. No. 1082, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1689, A bill for an act relating to game and fish; prescribing limits and seasons for angling in the Rainy River; proposing coding for new law in Minnesota Statutes, chapter 97C; repealing Minnesota Statutes 1987 Supplement, section 97C.402.

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

S. F. No. 1674, A bill for an act relating to environment; prescribing criminal penalties for violation of certain statutes, rules, or permits relating to pollution control; amending Minnesota Statutes 1987 Supplement, section 115.071, subdivision 2; and 609.671.

The bill was read for the first time.

Nelson, D., moved that S. F. No. 1674 and H. F. No. 2101, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1388, A bill for an act relating to health; setting forth requirements for statements of exclusions and limitations; requiring detailed statement when coverage is denied; clarifying statement of enrollee bill of rights; setting forth requirements for marketing materials; requiring membership card; requiring written denial of service; prohibiting denial of coverage in certain circumstances; requiring report; amending Minnesota Statutes 1986, sections 62D.07, subdivision 3; 62D.09, subdivision 1, and by adding subdivisions; 62D.11, by adding subdivisions; and 62D.20.

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

S. F. No. 1761, A bill for an act relating to crime; traffic safety; providing that operating a vehicle at a speed of 85 miles per hour or more is a misdemeanor; amending Minnesota Statutes 1986, section 169.13, subdivision 2.

The bill was read for the first time.

Pappas moved that S. F. No. 1761 and H. F. No. 2241, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1835, A bill for an act relating to crime; providing that burglary occurs if a person enters a building without consent and commits a crime while in the building; extending first degree burglary to instances where an assault occurs on the property appurtenant to the entered building; providing that it is a felony to possess tools used in theft; making technical corrections; amending Minnesota Statutes 1986, sections 609.582, subdivisions 1, 2, 3, and 4; and 609.59; Minnesota Statutes 1987 Supplement, sections 256.98, subdivision 1; 268.18, subdivision 3; 609.52, subdivision 3; 609.531, subdivision 1; 609.631, subdivision 4; 609.821, subdivision 3; and 628.26.

The bill was read for the first time.

Carruthers moved that S. F. No. 1835 and H. F. No. 2289, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 994, A bill for an act relating to employment; providing workers' compensation to coverage for certain infectious diseases; amending Minnesota Statutes 1986, section 176.011, subdivision 15.

The bill was read for the first time.

Trimble moved that S. F. No. 994 and H. F. No. 1164, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1304, A bill for an act relating to workers' compensation; providing a presumption for finding an occupational disease in the case of firefighters having a disabling cancer; amending Minnesota Statutes 1986, section 176.011, subdivision 15.

The bill was read for the first time.

Scheid moved that S. F. No. 1304 and H. F. No. 1403, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2376, A resolution memorializing the Congress of the

United States to reinstate diesel fuel tax exemptions for farmers and other off-road users.

The bill was read for the first time.

Bertram moved that S. F. No. 2376 and H. F. No. 2621, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1795, A bill for an act relating to alcoholic beverages; increasing the time period for notification to licensing authorities of cancellation of liquor liability insurance; specifying that hearings by licensing authorities on license suspensions or revocations need not be before an administrative hearing officer; amending Minnesota Statutes 1986, section 340A.409, subdivision 1; and Minnesota Statutes 1987 Supplement, section 340A.415.

The bill was read for the first time.

Forsythe moved that S. F. No. 1795 and H. F. No. 2112, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1661, A bill for an act relating to charitable gambling; changing the definition of lawful purpose expenditures; clarifying the definition of organization; increasing the percentage of profit that may be used for expenses for certain organizations; licensing bingo halls; changing the definition of bingo occasion; requiring organizations to be directly responsible for the conducting of bingo; changing the definition of gross receipts for the purposes of bingo; changing the prize limits for bingo; amending Minnesota Statutes 1986, sections 349.19, subdivision 1; 349.211, subdivision 1; Minnesota Statutes 1987 Supplement, sections 349.12, subdivision 11; 349.17, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1986, section 349.211, subdivision 2.

The bill was read for the first time.

Reding moved that S. F. No. 1661 and H. F. No. 1921, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1932, A bill for an act relating to transportation; exempting certain private carriers of fuel for use in agriculture-related businesses from certain hazardous materials regulations; amending Minnesota Statutes 1986, section 221.033, subdivision 1, and by adding a subdivision.

The bill was read for the first time.

Hartle moved that S. F. No. 1932 and H. F. No. 2047, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2243, A bill for an act relating to vocational rehabilitation; providing employment program rights to persons with disabilities; requiring inclusion of these programs in county social services plans; amending Minnesota Statutes 1987 Supplement, section 256E.09, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 256E.

The bill was read for the first time.

Dorn moved that S. F. No. 2243 and H. F. No. 2620, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1955, A bill for an act relating to Ramsey county; authorizing the county to use certain land dedicated as open space for highway purposes; authorizing the sale of certain land.

The bill was read for the first time.

Knuth moved that S. F. No. 1955 and H. F. No. 1745, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2292, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in Pine county.

The bill was read for the first time.

Carlson, D., moved that S. F. No. 2292 and H. F. No. 2502, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2289, A bill for an act relating to the environment; authorizing the waste management board to enter agreements providing for the development and operation of a wholly or partially state owned stabilization and containment facility; directing the board to make recommendation for legislative changes needed to implement facility development and operation; amending Minnesota Statutes 1987 Supplement, sections 115C.04, subdivisions 1

and 3; and 115C.09, subdivisions 1, 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115A.

The bill was read for the first time.

Munger moved that S. F. No. 2289 and H. F. No. 2542, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2097, A bill for an act relating to the board of the arts; regulating distribution of funds to regional arts councils; regulating conflict of interest; amending Minnesota Statutes 1986, section 139.10.

The bill was read for the first time.

Rice moved that S. F. No. 2097 and H. F. No. 2186, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2191, A bill for an act relating to animals; modifying regulations of kennels and dealers of certain animals used for research purposes; amending Minnesota Statutes 1987 Supplement, sections 347.31, subdivision 4; and 347.37.

The bill was read for the first time.

O'Connor moved that S. F. No. 2191 and H. F. No. 2187, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2323, A bill for an act relating to financial institutions; authorizing certain investments for banks; amending Minnesota Statutes 1986, sections 48.152, subdivision 10; 48.24, subdivision 5; and 48.61, by adding a subdivision.

The bill was read for the first time.

Bertram moved that S. F. No. 2323 and H. F. No. 2605, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2456, A bill for an act relating to energy; creating a legislative advisory task force on energy policies for low-income persons and providing for the duties of the task force.

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

S. F. No. 1632, A bill for an act relating to Ramsey County; authorizing a coordinated erosion and sediment control pilot program.

The bill was read for the first time.

Bennett moved that S. F. No. 1632 and H. F. No. 1953, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2355, A bill for an act relating to the cities of Bloomington and West St. Paul; authorizing the city to expend and loan public funds for flood mitigation measures to protect residential structures.

The bill was read for the first time.

Riveness moved that S. F. No. 2355 and H. F. No. 2540, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1851, A bill for an act relating to public safety; providing for certain emergency communications procedures at tank farms; proposing coding for new law in Minnesota Statutes, chapter 17.

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

S. F. No. 308, A bill for an act relating to animals; establishing requirements for establishments that convey unredeemed dogs and cats to institutions for research; prohibiting establishments from transferring dogs or cats to dealers; requiring establishments to post a notice that the animals may be conveyed to institutions for research; amending Minnesota Statutes 1986, section 35.71, subdivision 3, and by adding subdivisions; repealing Minnesota Statutes 1986, section 346.54.

The bill was read for the first time.

Simoneau moved that S. F. No. 308 and H. F. No. 89, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1553, A bill for an act relating to crimes; prohibiting

unauthorized access to computers; imposing penalties; amending Minnesota Statutes 1986, section 609.87, subdivision 1, and by adding a subdivision; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time.

Kelly moved that S. F. No. 1553 and H. F. No. 1685, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1871, A bill for an act relating to family law; prohibiting certain false allegations of child abuse; regulating child custody hearings; providing a penalty; amending Minnesota Statutes 1986, section 518.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time.

Blatz moved that S. F. No. 1871 and H. F. No. 1956, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2119, A bill for an act relating to child abuse reporting; clarifying the assessment duties of the local welfare agency; providing for the retention of records in certain circumstances; amending Minnesota Statutes 1986, section 626.556, subdivisions 5, 10d, and by adding subdivisions; and Minnesota Statutes 1987 Supplement, section 626.556, subdivision 11.

The bill was read for the first time.

Blatz moved that S. F. No. 2119 and H. F. No. 2021, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1879, A bill for an act relating to agriculture; providing penalties and liability for damages for unauthorized release of domestic animals; proposing coding for new law in Minnesota Statutes, chapter 346.

The bill was read for the first time.

Bertram moved that S. F. No. 1879 and H. F. No. 2057, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2017, A bill for an act relating to Gillette children's hospital; authorizing the hospital board to incorporate as a nonprofit corporation; terminating its status as a public corporation; transferring its ownership of hospital property to the city of St. Paul; repealing Minnesota Statutes 1986, section 250.05, subdivisions 1, 2a, 3, 4, 5, and 6; and Minnesota Statutes 1987 Supplement, section 250.05, subdivisions 2 and 7.

The bill was read for the first time.

Simoneau moved that S. F. No. 2017 and H. F. No. 2400, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2245, A bill for an act relating to health; limiting reporting requirements for epidemiologic studies; providing grants for AIDS evaluation and counseling; amending Minnesota Statutes 1986, section 144.053, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 145.

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

S. F. No. 335, A bill for an act relating to occupations and professions; authorizing physical therapy treatment without referral by a physician; prohibiting certain business relationships in the practice of physical therapy; amending Minnesota Statutes 1986, sections 148.74; 148.75; and 148.76, subdivision 2.

The bill was read for the first time.

Clark moved that S. F. No. 335 and H. F. No. 926, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1830, A bill for an act relating to crimes; making it a crime to enter into a contract to serve as the agent of a student athlete or represent a student athlete or professional sports organization in obtaining a professional sports contract with a student athlete before expiration of the student athlete's collegiate eligibility unless the athlete has executed an effective waiver of eligibility; making it a crime to offer anything of value to an employee of an educational institution in return for the employee's influence on a student athlete to enter into contracts with agents or professional sports contracts or for the referral of student athlete clients; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time.

Seaberg moved that S. F. No. 1830 and H. F. No. 2167, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1735, A bill for an act relating to game and fish; providing for restitution for wild animals that are illegally killed or injured; providing for civil penalties for wild animals killed or injured; restricting expenditures from restitution to replacement and propagation of wild animals illegally killed or injured; amending Minnesota Statutes 1986, section 97A.065, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 97A.

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

S. F. No. 30, A bill for an act relating to crimes; requiring health professionals to report certain burn injuries; amending Minnesota Statutes 1986, sections 626.52, subdivision 1, and by adding a subdivision; 626.53; and 626.55, subdivision 1.

The bill was read for the first time.

Haukoos moved that S. F. No. 30 and H. F. No. 90, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2255, A bill for an act relating to agriculture; extending certain benefits under the family farm security act; amending Minnesota Statutes 1986, section 41.57, subdivision 4.

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

S. F. No. 1821, A bill for an act relating to crimes; police pursuit; requiring certain driver's manual information; providing for civil forfeiture of vehicle used to flee a peace officer; requiring local governments to establish pursuit procedures and training requirements by October 1, 1989; authorizing peace officer standards and training board to assist local governments in establishing procedures and training requirements; requiring reporting of all police pursuits to department of public safety; amending Minnesota Statutes 1986, sections 171.13, by adding a subdivision; 626.843, subdivision 1; and 626.845, subdivision 1; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626.

The bill was read for the first time.

Segal moved that S. F. No. 1821 and H. F. No. 1873, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2009, A bill for an act relating to family law; modifying and clarifying provisions for the collection and enforcement of child support; providing for cost-of-living adjustments in spousal maintenance awards; providing for grandparent visitation rights in all family law proceedings; providing for reopening of judgments; providing for custody rights; clarifying and modifying provisions relating to pension plan rights in marriage dissolutions; amending Minnesota Statutes 1986, sections 69.62; 256.978; 257.022, subdivision 2; 270A.03, subdivision 4; 383B.51; 423A.16; 424A.02, subdivision 6; 490.126, by adding a subdivision; 518.145; 518.156, subdivision 1; 518.17, subdivision 3; 518.171, by adding a subdivision; 518.175, by adding a subdivision; 518.551, by adding a subdivision; 518.552, by adding a subdivision; 518.54, by adding a subdivision; 518.611, subdivision 10; 518.64, subdivision 2; and 518.641; Minnesota Statutes 1987 Supplement, sections 356.80; 518.54, subdivision 10; 518.58, subdivision 2; 518.581, subdivision 4; and 518.611, subdivision 2.

The bill was read for the first time.

Vellenga moved that S. F. No. 2009 and H. F. No. 2118, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2226, A bill for an act relating to state government; amending certain provisions governing advisory councils, committees, and task forces; amending Minnesota Statutes 1986, sections 3.922, subdivision 3; 3.9225, subdivision 1; 3.9226, subdivision 1; 6.65; 15.059, subdivision 5; 79.51, subdivision 4; 84B.11, subdivision 1; 85A.02, subdivision 4; 115.54; 116C.59, subdivisions 1, 2, and 4; 116C.839; 121.83; 124.48, subdivision 3; 126.56, subdivision 5; 128A.03, subdivision 3; 135A.05; 136A.02, subdivision 7; 138.97, subdivision 3; 162.02, subdivision 2; 162.09, subdivision 2; 174.031, subdivision 2; 175.008; 182.653, subdivision 4e; 214.141; 248.10, subdivision 2; 254A.035, subdivision 2; 256C.28, subdivision 2; 299F.097; 611A.34, subdivision 1; 611A.71, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 15.059, subdivision 6; 16B.20, subdivision 2; 43A.316, subdivision 4; 115A.12, subdivision 1; 116J.971, by adding a subdivision; 120.17, subdivision 11a; 121.934, subdivision 1; 123.935, subdivision 7; 126.665; 129C.10, subdivision 3; 136A.02, subdivision 6; 144.672, subdivision 1; 175.007, subdivision 1; 245.697, subdivision 1; 245.97, subdivision 6; 246.56, subdivision 2; 256.482, subdivision 1; 256.73, subdivision 7;

256B.064, subdivision 1a; 256B.27, subdivision 3; 256B.433, subdivisions 1 and 4; 299A.23, subdivision 2; 299J.06, subdivision 4; repealing Minnesota Statutes 1986, sections 116J.04; 160.80, subdivision 6; 177.28, subdivision 2; 326.66; Minnesota Statutes 1987 Supplement, section 115A.12, subdivision 2.

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

S. F. No. 2384, A bill for an act relating to trade practices; providing for payment to farm implement retailer by successor in interest of the manufacturer, wholesaler, or distributor who repurchases stock and inventory; amending Minnesota Statutes 1986, sections 325E.05; and 325E.06, subdivisions 1, 4, and 5, and by adding a subdivision.

The bill was read for the first time.

Sparby moved that S. F. No. 2384 and H. F. No. 2567, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2096, A bill for an act relating to commerce; regulating and governing business relations between manufacturers of agricultural equipment and independent retail dealers of those products; proposing coding for new law in Minnesota Statutes, chapter 325E.

The bill was read for the first time.

Sparby moved that S. F. No. 2096 and H. F. No. 2309, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1769, A bill for an act relating to human rights; clarifying marital status discrimination and housing discrimination; enforcing comparable worth and affirmative action requirements; making procedural and administrative changes; amending Minnesota Statutes 1986, sections 363.01, by adding a subdivision; 363.02, subdivision 2a, and by adding a subdivision; 363.03, subdivision 2; 363.06, subdivision 3; 363.073, subdivisions 1 and 3; 363.091; 363.121; and 363.14, subdivisions 1 and 3; Minnesota Statutes 1987 Supplement, sections 363.06, subdivision 1; and 363.071, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 363.

The bill was read for the first time.

Solberg moved that S. F. No. 1769 and H. F. No. 2054, now on

Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2395, A bill for an act relating to nonprofit corporations; requiring a notice of meetings or elections to inform members whether proxy voting is permitted and the manner of doing so; providing that proxies are prohibited unless authorized by the articles or bylaws; amending Minnesota Statutes 1986, sections 317.22, subdivisions 4 and 6; and 317.28.

The bill was read for the first time.

Pappas moved that S. F. No. 2395 and H. F. No. 2042, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2266, A bill for an act relating to child abuse; authorizing counties to establish pilot programs; allowing the appointment of a child intermediary in certain criminal child abuse proceedings; prescribing powers and duties of the intermediary.

The bill was read for the first time.

Carruthers moved that S. F. No. 2266 and H. F. No. 2148, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1695, A bill for an act relating to education; requiring the state board of education to adopt rules regulating aversive and deprivation procedures; proposing coding for new law in Minnesota Statutes, chapter 127.

The bill was read for the first time.

Otis moved that S. F. No. 1695 and H. F. No. 2078, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1800, A bill for an act relating to commerce; exempting certain educational foundations from public disclosure requirements; amending Minnesota Statutes 1987 Supplement, section 309.556, by adding a subdivision.

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

S. F. No. 1882, A bill for an act relating to education; requiring school districts to make certain accommodations for lactose intolerant children, if requested; proposing coding for new law in Minnesota Statutes, chapter 124.

The bill was read for the first time.

Jefferson moved that S. F. No. 1882 and H. F. No. 1849, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1681, A bill for an act relating to insurance; accident and health; exempting child health supervision services and perinatal care services from any requirement of coinsurance or dollar limitation; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time.

Riveness moved that S. F. No. 1681 and H. F. No. 1932, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1086, A bill for an act relating to commerce; permitting certain charitable trusts to dispose of certain bank assets; proposing coding for new law in Minnesota Statutes, chapter 501.

The bill was read for the first time.

Krueger moved that S. F. No. 1086 and H. F. No. 445, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

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. 2126, A bill for an act relating to human services; prohibiting reduction of benefits to persons receiving ERISA services; requiring HMO subscriber contracts and plans of health coverage that provide dependent coverage to cover dependents not residing with the covered employee; providing a time period within

which the state agency may file and enforce a lien; providing that certain items must not be included as cash or liquid assets in determining medical assistance eligibility; providing that certain aliens are eligible to receive medical assistance; requiring nursing and boarding care homes to pay screening costs monthly for residents and applicants for residence; allowing other persons to request screening and pay screening costs on a sliding fee scale; modifying eligibility criteria for supplemental aid recipients and applicants; amending Minnesota Statutes 1986, sections 62E.04, by adding subdivisions; 256B.08; 256B.14, subdivision 2; 256B.69, subdivisions 3 and 4; 256D.35, by adding a subdivision; and 256D.37, subdivision 2, and by adding subdivisions; Minnesota Statutes 1987 Supplement, sections 256.015, subdivision 2; 256.936; 256B.031, subdivision 5; 256B.042, subdivision 2; 256B.06, subdivisions 1 and 4; 256B.091, subdivision 4; 256D.03, subdivision 3; and 256D.37, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62A; 62C; and 62D.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HUMAN RESOURCES; APPROPRIATIONS.]

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

SUMMARY BY FUND

	1988	1989	TOTAL
General	\$(11,202,300)	\$21,842,700	\$10,640,400
Special Revenue	0	220,100	220,100
Public Health	175,200	200,800	376,000
Trunk Highway	74,400	85,500	159,900
Metropolitan Landfill	19,300	22,000	41,300
Contingency			
TOTAL	\$(10,993,400)	\$22,371,100	\$11,437,700

APPROPRIATIONS
Available for the Year
Ending June 30

	1988	1989
	\$	\$
Sec. 2. HUMAN SERVICES		
Subdivision 1. Appropriation by Fund		
General Fund	\$(11,210,200)	\$16,589,700

This appropriation is added to the appropriation in Laws 1987, chapter 403, article 1, section 2.

Subd. 2. Social Services

\$	0	\$1,345,200
----	---	-------------

\$400,000 is appropriated from the general fund to the commissioner of human services for semi-independent living services for those people determined eligible who have not received funding. This appropriation may be used to fund services for individuals who are currently living in intermediate care facilities for the mentally retarded, who are receiving waived services and are no longer eligible for those services, or who are living in their family home, a foster home, or their own home.

\$75,000 is appropriated to the commissioner of human services to fund a grant related to attention deficit disorder (ADD). The commissioner shall award the grant to a nonprofit corporation whose only purpose is to educate people about ADD and to support children with ADD and their families. Grant money awarded under this provision must be used for the following purposes: (1) in-service training for school personnel, including teachers at all levels from early childhood through college and vocational training, on the unique problems of children who suffer from ADD, and (2) support

groups for children with ADD and their families.

Any balance at the end of fiscal year 1988 in the appropriation for chemical dependency evaluation contained in Laws 1987, chapter 403, article 1, section 2, subdivision 8 does not cancel but is available for fiscal year 1989 for the purpose of completing the incidence and prevalence survey on the extent of drug and alcohol problems in Minnesota.

Subd. 3. Mental Health
\$(1,330,000) \$1,425,000

Of the amount appropriated in Laws 1987, chapter 403, article 1, section 2, subdivision 5, for state mental health grants for fiscal year 1988, \$720,000 does not cancel but is available for fiscal year 1989 for the same purposes and \$1,330,000 is transferred to fiscal year 1989.

Of the amount appropriated in Laws 1987, chapter 403, article 1, section 2, subdivision 5, for mental health for fiscal year 1988, \$250,000 for information systems is transferred in fiscal year 1988 to the state systems account established in Minnesota Statutes, section 256.014, subdivision 2.

Subd. 4. Income Maintenance
and Residential Programs
\$(10,643,400) \$11,006,900

(a) Health Care and Residential
Programs
\$ (9,008,100) \$ 9,388,100

Notwithstanding the provisions of Laws 1987, chapter 403, article 1, section 14, subdivision 1, the commissioner of human services is

authorized during the biennium to transfer funds as necessary from nonsalary expenditure classes to salary object expenditure classes within the medical assistance demonstration project account in order to educate and enroll medical assistance recipients in the project.

Notwithstanding Minnesota Statutes 1986, section 256.969, subdivision 3, funds appropriated in Laws 1987, chapter 403, article 1, section 2, subdivision 6, paragraph (b), are allocated as follows: \$51,900 to Hennepin County Medical Center and \$48,100 to St. Paul Ramsey Medical Center. The commissioner of human services shall distribute these funds by June 30, 1988.

For the six-month period ending June 30, 1989, persons with serious and persistent mental illness who, except for their residence in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 would be eligible for medical assistance services, shall be eligible under the general assistance medical care program for services covered under the general assistance medical care program plus case management. The commissioner may, during the biennium, with the approval of the governor and after consulting with the legislative advisory commission, transfer the sum of \$711,000 from the medical assistance appropriation to the general assistance medical care appropriation for this purpose.

For medical assistance services rendered after January 1, 1989, payments to medical assistance vendors that were reduced by five percent on July 1, 1987, shall be

restored to the payment level in effect on June 30, 1987.

Beginning January 1, 1989, the maximum pharmacy dispensing fee under medical assistance and general assistance medical care is \$4.20.

\$752,500 in fiscal year 1988 and \$5,117,000 in fiscal year 1989 is appropriated to the general fund contingent account and is to be used only upon the request of the commissioner of human services. These funds are available due to the surplus in the medical assistance account. The funds are to be used for expenses associated with ensuring continued certification of mental health programs for participation in the medicare and medical assistance programs. These funds may be used only after review by the legislative advisory committee and approval by the governor. The medical assistance account is reduced to reflect additional collections resulting from this appropriation. The approved complement of the regional treatment centers is increased by 175 positions.

\$170,000 in fiscal year 1988 and \$420,000 in fiscal year 1989 is appropriated to fund costs associated with judicial reviews of regional treatment center client medications.

\$40,000 is appropriated and transferred to the commissioner of the state planning agency for the biennium ending June 30, 1989, to fund the local efforts of a multi-county area in southwest central Minnesota to plan, organize, and design a health insurance program demonstration project for low income adults and their dependents. The demonstration

project shall be designed to best meet the health insurance needs of individuals and families who are not eligible for any other state or federal health benefits program and who do not have any health insurance or who do not have adequate health insurance. The project shall be planned and organized to make the best use of existing community health providers and agencies. By February 1, 1989, the commissioner shall report to the chairs of the health and human services committees of the senate and the house with a plan, organization, and design for implementation of the health insurance demonstration project. The report must be based on recommendations from the multi-county area.

Funds appropriated for the Fari-bault regional treatment center planning study shall be transferred to the commissioner of the state planning agency.

(b) Family Support Programs
\$67,000 \$579,900

Of the money appropriated for fiscal year 1989 in Laws 1987, chapter 403, article 1, section 2, subdivision 6, \$200,000 is for AFDC prevention grants in Chicago county.

(c) Other Income Maintenance Activities
\$(1,702,300) \$1,038,900

By January 1, 1989, the commissioner of the department of human services shall, in cooperation with the commissioner of employee relations, complete a job evaluation study to determine the comparable worth value of direct care staff positions in intermedi-

ate care facilities for the mentally retarded, waived residential services, semi-independent living programs, and developmental achievement centers that are licensed by the department of human services or by a county. The commissioner shall contract with the department of employee relations for completion of the study. Results of the study shall be reported to the chair of the finance committee of the senate and to the chair of the appropriations committee of the house.

Federal receipts for the alien verification entitlement system are dedicated to the department's state systems fund account for the biennium ending June 30, 1989.

Subd. 5. Veterans Homes

\$763,200	\$2,812,600
-----------	-------------

Funds appropriated for the Minnesota veterans homes shall be transferred to the board of directors of the homes immediately upon licensure of the board by the commissioner of health for the biennium ending June 30, 1989.

During the biennium, the board of directors of the veterans homes shall report the results of all health department and Veterans Administration inspections and surveys to the governor, the chair of the House of Representatives appropriation committee, the chair of the Senate finance committee, the chair of the House health and human services appropriation division and the chair of the Senate health and human services finance division, within ten days of receiving written notification of the results. The report shall include plans for correcting deficiencies.

The board of directors of the veterans homes shall report to the legislature by January 1, 1989 regarding efforts to maximize use of federal Veterans Administration funds.

Sec. 3. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION

0 200,000

This appropriation is added to the appropriation in Laws 1987, chapter 352, section 13.

Any balance remaining at the end of fiscal year 1988 in the account of the ombudsman for mental health and mental retardation does not cancel but is available for fiscal year 1989.

Sec. 4. JOBS AND TRAINING

Subdivision 1. Total Appropriation

0 1,764,000

This appropriation is added to the appropriation in Laws 1987, chapter 403, article 1, section 4.

Subd. 2. Rehabilitation Services

\$0 \$ 300,000

Subd. 3. Community Services

\$0 \$1,464,000

Of this appropriation, \$400,000 is to supplement the Minnesota economic opportunity grants program. None of these funds shall be used to cover administrative expenses at the state level.

Sec. 5. CORRECTIONS

Subdivision 1. Total Appropriation

7,900 197,500

This appropriation is added to the appropriation in Laws 1987, chapter 403, article 1, section 5.

Subd. 2. Correctional Institutions

From the appropriation in Laws 1987, chapter 403, article 1, section 5, subdivision 4, the commissioner may transfer \$41,200 in 1988 and \$69,100 in 1989 from contractual services to salaries. The department's complement is increased by two positions for this purpose.

Subd. 3. Community Services

\$7,900	\$197,500
---------	-----------

Of this appropriation, \$165,900 in 1989 is to provide emergency shelter services and support services to American Indian women who are battered.

The commissioner of corrections may transfer unencumbered grant money during the biennium for expenses incurred from the employee insurance trust fund deficit and the completion of the Lino Lakes expansion project.

Sec. 6. HEALTH

Subdivision 1. Appropriation by Fund

General Fund	0	3,091,500
Special Revenue Fund	0	220,100
Public Health Fund	175,200	200,800
Trunk Highway Fund	74,400	85,500
Metropolitan Landfill Contingency Fund	19,300	22,000

This appropriation is added to the appropriation in Laws 1987, chapter 403, article 1, section 8.

Subd. 2. Preventive and Protec-
tive Health Services

General Fund

\$0 \$2,226,500

Special Revenue Fund

\$0 \$ 220,100

Of this appropriation, \$55,000 from the special revenue fund is for implementation of the environmental laboratory certification program. This appropriation is available until June 30, 1992. \$55,000 must be transferred from the laboratory certification account to the special revenue fund by June 30, 1992.

Of this appropriation, \$200,000 from the general fund is to establish the Minnesota institute for addiction and stress research. Of this total, \$160,000 will be used for a grant to the institute and \$40,000 will be retained by the department. The approved complement of the department of health is increased by one position for purposes of developing and monitoring the institute.

Of this appropriation, \$650,000 is to be used for AIDS prevention grants for certain high-risk populations: \$300,000 for communities of color; \$250,000 for adolescents at highest risk; and \$100,000 for intravenous drug abusers.

From the appropriation of Laws 1987, chapter 403, article 1, section 8, the commissioner may transfer \$142,000 in 1989 from supplies and expense to salaries. The department's complement is increased by four positions for this purpose.

\$190,000 of funds appropriated

for the purchase of equipment pursuant to Laws 1987, chapter 403, article 1, section 8, subdivision 2, is available until June 30, 1989.

Subd. 3. Health Delivery
Systems
\$0 \$865,000

Of this appropriation, \$250,000 is to supplement the federal special supplemental food program for women, infants, and children (WIC). In the event that the commissioner of health supplements the WIC program in fiscal year 1988 or 1989 with \$1,000,000 or more in infant formula rebates, this general fund appropriation shall transfer to the commissioner of human services for the food stamp community outreach grant program.

Of this appropriation, \$400,000 is for grants to poison information centers selected by the commissioner under criteria established in Minnesota Statutes, section 145.93.

The commissioner of health is authorized to develop a fee schedule to be used to charge for diagnostic evaluations conducted at clinics held by the services for children with handicaps program.

Notwithstanding the provisions of Minnesota Rules, part 4690.4600, an emergency medical technician certificate issued to a firefighter employed by the city of Minneapolis which expires as of December 31, 1988, shall be effective until December 31, 1989, provided that the firefighter does not serve as an ambulance attendant.

Subd. 4. Health Support
Services

Public Health Fund

\$175,200 \$200,800

Trunk Highway Fund

\$ 74,400 \$ 85,500

Metropolitan Landfill Contin-
gency Fund

\$ 19,300 \$ 22,000

Sec. 7. Laws 1987, chapter 403, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. Community Services

\$1,921,000 \$1,520,000

Of this appropriation, \$200,000 the first year and \$200,000 the second year are to provide for the local storage, transportation, processing, and distribution of United States Department of Agriculture surplus commodities. The department of jobs and training shall report on the surplus commodities program to the state legislature by January 15 of each year of the biennium.

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

tive costs Up to 3.75 percent of the transferred money may be used by the commissioner of jobs and training for administrative costs, except that up to 4.25 percent of the funds used to supplement the federal funding for Project Head Start may be used for administrative costs.

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

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

For the biennium ending June 30, 1989, the commissioner of jobs and training shall shift to the low-income home weatherization program at least five percent of money received under the low-income home energy assistance block grant in each year of the biennium and shall expend all of the transferred funds during the year of the transfer or the year following the transfer. None of the transferred money may be used by the commissioner of jobs and training for administrative costs Up to 1.9 percent of the transferred money may be used by the commissioner of jobs and training for administrative costs.

To the extent allowed by federal regulations, the commissioner of jobs and training shall ensure that the same income eligibility criteria apply to both the weatherization program and the energy assistance program.

For the biennium ending June 30, 1989, no more than 1.11 percent of funds received under the total low-income home energy assistance program may be used by the commissioner for departmental administrative costs For the biennium ending June 30, 1989, no more than 1.9 percent of funds remaining under the low-income home energy assistance program after transfers to community services block grants and the weatherization program may be used by the department for administrative costs.

Discretionary money from the community services block grant (regular) must be used to supplement the appropriation for local storage, transportation, processing, and distribution of United

States Department of Agriculture surplus commodities to the extent supplementary funding is required. Any remaining funds shall be allocated to state-designated and state-recognized community action agencies, Indian reservations, and the Minnesota migrant council.

In the event that the federal office of community services does not recognize the Olmsted and Freeborn county community action agencies as eligible entities for full funding, the commissioner shall provide full funding for those agencies from discretionary funds resulting from block grant transfers to the community services block grant. The balance of these funds may be used by the commissioner for discretionary purposes consistent with federal community services block grant guidelines stated in Public Law Number 97-35. The commissioner shall by January 1, 1988, report to the legislature on the use of these funds.

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

other programs for which the division has contractual responsibility.

Sec. 8. [EFFECTIVE DATE.]

Section 7 is effective the day following final enactment.

ARTICLE 2

HEALTH AND HUMAN SERVICES

Section 1. Minnesota Statutes 1987 Supplement, section 3.922, subdivision 6, is amended to read:

Subd. 6. [DUTIES.] The primary duties of the council shall be to:

(1) clarify for the legislature and state agencies the nature of tribal governments, the relationship of tribal governments to the Indian people of Minnesota;

(2) assist the secretary of state in establishing an election of at large members of the council;

(3) make recommendations to members of the legislature on desired and needed legislation for the benefit of the statewide Indian community and communicate to the members of the legislature when legislation has or will have an adverse effect on the statewide Indian community;

(4) provide, through the elected apparatus of the council, an effective conduit for programs, proposals, and projects to the legislature submitted by tribal governments, organizations, committees, groups, or individuals;

(5) provide a continuing dialogue with members of the appropriate tribal governments in order to improve their knowledge of the legislative process, state agencies, and governmental due process;

(6) assist in establishing Indian advisory councils in cooperation with state agencies delivering services to the Indian community;

(7) assist state agencies in defining what groups, organizations, committees, councils, or individuals are eligible for delivery of their respective services;

(8) assist in providing resources, tribal and other, in the delivery of services to the statewide Indian community;

(9) act as a liaison between local, state, and national units of government in the delivery of services to the Indian population of Minnesota;

(10) assist state agencies in the implementation and updating of studies of services delivered to the Indian community;

(11) provide, for the benefit of all levels of state government, a continuing liaison between those governmental bodies and duly elected tribal governments and officials;

(12) interreact with private organizations involved with Indian concerns in the development and implementation of programs designed to assist Indian people, insofar as they affect state agencies and departments;

(13) act as an intermediary, when requested and if necessary between Indian interests and state agencies and departments when questions, problems, or conflicts exist or arise;

(14) provide information for and direction to a program designed to assist Indian citizens to assume all the rights, privileges, and duties of citizenship, and to coordinate and cooperate with local, state, and national private agencies providing services to the Indian people;

(15) develop educational programs, community organization programs, leadership development programs, motivational programs, and business development programs for the benefit of Indian persons who have been, are, or will be subject to prejudice and discrimination; and

(16) cooperate and consult with appropriate commissioners and agencies to develop plans and programs to most effectively serve the needs of Indians; and

(17) review data provided by the commissioner of human services under section 257.072, subdivision 3, and present recommendations on the out-of-home placement rate for Indian children. Recommendations must be presented to the commissioner and the legislature by November 1, 1990, and by November 1 of each year thereafter.

Sec. 2. Minnesota Statutes 1986, section 3.9223, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The council shall:

(a) Advise the governor and the legislature on the nature of the issues and disabilities confronting Spanish-speaking people in this

state including the unique problems encountered by Spanish-speaking migrant agricultural workers;

(b) Advise the governor and the legislature on statutes or rules necessary to insure Spanish-speaking people access to benefits and services provided to people in this state;

(c) Recommend to the governor and the legislature legislation designed to improve the economic and social condition of Spanish-speaking people in this state;

(d) Serve as a conduit to state government for organizations of Spanish-speaking people in the state;

(e) Serve as a referral agency to assist Spanish-speaking people in securing access to state agencies and programs;

(f) Serve as a liaison with the federal government, local government units and private organizations on matters relating to the Spanish-speaking people of this state;

(g) Perform or contract for the performance of studies designed to suggest solutions to problems of Spanish-speaking people in the areas of education, employment, human rights, health, housing, social welfare and other related programs;

(h) Implement programs designed to solve problems of Spanish-speaking people when so authorized by other statute, rule or order;

(i) Review data provided by the commissioner of human services under section 257.072, subdivision 3, and present recommendations on the out-of-home placement rate for the children of Hispanic people. Recommendations must be presented to the commissioner and the legislature by November 1, 1990, and by November 1 of each year thereafter; and

(j) Publicize the accomplishments of Spanish-speaking people and the contributions made by them to this state.

Sec. 3. Minnesota Statutes 1986, section 3.9225, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The council shall:

(a) Advise the governor and the legislature on the nature of the issues confronting Black people in this state;

(b) Advise the governor and the legislature on statutes or rules necessary to insure Black people access to benefits and services provided to people in this state;

(c) Recommend to the governor and the legislature any revisions in the state's affirmative action program and any other steps that are necessary to eliminate underutilization of Blacks in the state's work force;

(d) Recommend to the governor and the legislature legislation designed to improve the economic and social condition of Black people in this state;

(e) Serve as a conduit to state government for organizations of Black people in the state;

(f) Serve as a referral agency to assist Black people in securing access to state agencies and programs;

(g) Serve as a liaison with the federal government, local government units and private organizations on matters relating to the Black people of this state;

(h) Perform or contract for the performance of studies designed to suggest solutions to problems of Black people in the areas of education, employment, human rights, health, housing, social welfare and other related areas;

(i) Implement programs designed to solve problems of Black people when so authorized by other statute, rule or order; and

(j) Review data provided by the commissioner of human services under section 257.072, subdivision 3, and present recommendations on the out-of-home placement rate for Black children. Recommendations must be presented to the commissioner and the legislature by November 1, 1990, and by November 1 of each year thereafter; and

(k) Publicize the accomplishments of Black people and the contributions made by them to this state.

Sec. 4. Minnesota Statutes 1986, section 3.9226, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The council shall:

(1) advise the governor and the legislature on issues confronting Asian-Pacific people in this state, including the unique problems of non-English-speaking immigrants and refugees;

(2) advise the governor and the legislature of administrative and legislative changes necessary to ensure Asian-Pacific people access to benefits and services provided to people in this state;

(3) recommend to the governor and the legislature any revisions in the state's affirmative action program and other steps that are necessary to eliminate underutilization of Asian-Pacific people in the state's work force;

(4) recommend to the governor and the legislature legislation designed to improve the economic and social condition of Asian-Pacific people in this state;

(5) serve as a conduit to state government for organizations of Asian-Pacific people in the state;

(6) serve as a referral agency to assist Asian-Pacific people in securing access to state agencies and programs;

(7) serve as a liaison with the federal government, local government units, and private organizations on matters relating to the Asian-Pacific people of this state;

(8) perform or contract for the performance of studies designed to suggest solutions to the problems of Asian-Pacific people in the areas of education, employment, human rights, health, housing, social welfare, and other related areas;

(9) implement programs designed to solve the problems of Asian-Pacific people when authorized by other law;

(10) publicize the accomplishments of Asian-Pacific people and their contributions to this state;

(11) work with other state and federal agencies and organizations to develop small business opportunities and promote economic development for Asian-Pacific Minnesotans;

(12) supervise development of an Asian-Pacific trade primer, outlining Asian and Pacific customs, cultural traditions, and business practices, including language usage, for use by Minnesota's export community; and

(13) cooperate with other state and federal agencies and organizations to develop improved state trade relations with Asian and Pacific countries; and

(14) review data provided by the commissioner of human services under section 257.072, subdivision 3, and present recommendations on the out-of-home placement rate for Asian-Pacific children. Recommendations must be presented to the commissioner and the legislature by November 1, 1990, and by November 1 of each year thereafter.

Sec. 5. Minnesota Statutes 1987 Supplement, section 16B.08, subdivision 7, is amended to read:

Subd. 7. [SPECIFIC PURCHASES.] (a) The following may be purchased without regard to the competitive bidding requirements of this chapter:

(1) merchandise for resale at state park refectories or facility operations;

(2) farm and garden products, which may be sold at the prevailing market price on the date of the sale;

(3) meat for other state institutions from the vocational school maintained at Pipestone by independent school district No. 583; and

(4) furniture from the Minnesota correctional facilities.

(b) The following may be purchased or rented without regard to the competitive bidding requirements of this chapter: supplies, materials, equipment, and utility services for use by a community-based residential facility operated by the commissioner of human services.

(c) Supplies, materials, or equipment to be used in the operation of a hospital licensed under sections 144.50 to 144.56 that are purchased under a shared service purchasing arrangement whereby more than one hospital purchases supplies, materials, or equipment with one or more other hospitals, either through one of the hospitals or through another entity, may be purchased without regard to the competitive bidding requirements of this chapter if the following conditions are met:

(1) the hospital's governing authority authorizes the arrangement;

(2) the shared services purchasing program purchases items available from more than one source on the basis of competitive bids or competitive quotations of prices; and

(3) the arrangement authorizes the hospital's governing authority or its representatives to review the purchasing procedures to determine compliance with these requirements.

Sec. 6. Minnesota Statutes 1987 Supplement, section 16B.61, subdivision 3, is amended to read:

Subd. 3. [SPECIAL REQUIREMENTS.] (a) [SPACE FOR COMMUTER VANS.] The code must require that any parking ramp or other parking facility constructed in accordance with the code

include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) [SMOKE DETECTION DEVICES.] The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) [DOORS IN NURSING HOMES AND HOSPITALS.] The state building code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) [CHILD CARE FACILITIES IN CHURCHES.] A licensed day care center serving fewer than 30 preschool age persons and which is located in a below ground space in a church building is exempt from the state building code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) [FAMILY AND GROUP FAMILY DAY CARE.] The commissioner of administration shall establish a task force to determine occupancy standards specific and appropriate to family and group family day care homes and to examine hindrances to establishing day care facilities in rural Minnesota. The task force must include representatives from rural and urban building code inspectors, rural and urban fire code inspectors, rural and urban county day care licensing units, rural and urban family and group family day care providers and consumers, child care advocacy groups, and the departments of administration, human services, and public safety.

By January 1, 1989, the commissioner of administration shall report the task force findings and recommendations to the appropriate legislative committees together with proposals for legislative action on the recommendations.

Until the legislature enacts legislation specifying appropriate standards, the definition of Group R occupancies in the state building code applies to family and group family day care homes licensed by the department of human services under Minnesota Rules, chapter 9502.

(e) (f) [MINED UNDERGROUND SPACE.] Nothing in the state building codes shall prevent cities from adopting rules governing the excavation, construction, reconstruction, alteration, and repair of mined underground space pursuant to sections 469.135 to 469.141, or of associated facilities in the space once the space has been created, provided the intent of the building code to establish reason-

able safeguards for health, safety, welfare, comfort, and security is maintained.

(4) (g) [ENCLOSED STAIRWAYS.] No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

Sec. 7. [62A.047] [DEPENDENT COVERAGE.]

A policy of accident or sickness which covers an employee who is a Minnesota resident must, if it provides dependent coverage, allow dependent children who do not reside with the covered employee to be covered on the same basis as if they reside with the covered employee. Neither the amount of support provided by the employee to the dependent child nor the residency of the child can be used as an excluding or limiting factor for coverage or payment for any health care.

Sec. 8. Minnesota Statutes 1987 Supplement, section 62A.152, subdivision 2, is amended to read:

Subd. 2. [MINIMUM BENEFITS.] All group policies and all group subscriber contracts providing benefits for mental or nervous disorder treatments in a hospital shall also provide coverage on the same basis as coverage for other benefits for at least 80 percent of the cost of the usual and customary charges of the first ten hours of treatment incurred over a 12-month benefit period, for mental or nervous disorder consultation, diagnosis and treatment services delivered while the insured person is not a bed patient in a hospital, and at least 75 percent of the cost of the usual and customary charges for any additional hours of treatment during the same 12-month benefit period for serious and or persistent mental or nervous disorders, if the services are furnished by (1) a licensed or accredited hospital, (2) a community mental health center or mental health clinic approved or licensed by the commissioner of human services or other authorized state agency, or (3) a licensed consulting psychologist licensed under the provisions of sections 148.87 to 148.98, or a psychiatrist licensed under chapter 147. Prior authorization from an accident and health insurance company, or a non-profit health service corporation, shall be required for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may ~~not exceed~~ be limited to a maximum of 30 visit hours during any 12-month benefit period.

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

For purposes of determining benefits under this section, "hours of treatment" means treatment rendered on an individual or single family basis. If treatment is rendered on a group basis, the hours of covered group treatment must be provided at a ratio of no less than two group treatment sessions to one individual treatment hour.

Sec. 9. Minnesota Statutes 1987 Supplement, section 62A.48, subdivision 7, is amended to read:

Subd. 7. [EXISTING POLICIES.] Nothing in sections 62A.46 to ~~62A.56~~ 62A.58 prohibits the renewal of the following long-term policies:

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

(2) policies sold before August 1, 1986; and

(3) policies sold before July 1, 1988, by associations exempted from sections 62A.31 to 62A.44 under section 62A.31, subdivision 1a.

Sec. 10. Minnesota Statutes 1987 Supplement, section 62A.50, subdivision 3, is amended to read:

Subd. 3. [DISCLOSURES.] No long-term care policy shall be offered or delivered in this state, whether or not the policy is issued in this state, and no certificate of coverage under a group long-term care policy shall be offered or delivered in this state, unless a statement containing at least the following information is delivered to the applicant at the time the application is made:

(1) a description of the benefits and coverage provided by the policy and the differences between this policy, a supplemental Medicare policy and the benefits to which an individual is entitled under parts A and B of Medicare and the differences between policy designations A and AA;

(2) a statement of the exceptions and limitations in the policy including the following language, as applicable, in bold print: **"THIS POLICY DOES NOT COVER ALL NURSING CARE FACILITIES OR NURSING HOME OR, HOME CARE, OR ADULT DAY CARE EXPENSES AND DOES NOT COVER RESIDENTIAL CARE. READ YOUR POLICY CAREFULLY TO DETERMINE WHICH FACILITIES AND EXPENSES ARE COVERED BY YOUR POLICY."**;

(3) a statement of the renewal provisions including any reservation by the insurer of the right to change premiums;

(4) a statement that the outline of coverage is a summary of the

policy issued or applied for and that the policy should be consulted to determine governing contractual provisions;

(5) an explanation of the policy's loss ratio including at least the following language: "This means that, on the average, policyholders may expect that \$ of every \$100 in premium will be returned as benefits to policyholders over the life of the contract."; and

(6) a statement of the out-of-pocket expenses, including deductibles and copayments for which the insured is responsible, and an explanation of the specific out-of-pocket expenses that may be accumulated toward any out-of-pocket maximum as specified in the policy;

(7) the following language, in bold print: "NOT EVERYONE NEEDS LONG-TERM CARE INSURANCE. THERE IS A PROGRAM CALLED MEDICAL ASSISTANCE WHICH HELPS PAY FOR NURSING HOME CARE FOR SOME PEOPLE. OUR AGENTS ARE NOT QUALIFIED TO EXPLAIN THE SPECIFIC REQUIREMENTS FOR MEDICAL ASSISTANCE ELIGIBILITY OR COVERAGE. FOR INFORMATION ON MEDICAL ASSISTANCE CALL YOUR LOCAL OLDER AMERICANS LEGAL SERVICES PROGRAM, YOUR LOCAL OFFICE OF OMBUDSMAN FOR OLDER MINNESOTANS, OR YOUR COUNTY HUMAN SERVICES DEPARTMENT.";

(8) the following language, in bold print: "YOUR PREMIUMS CAN BE INCREASED IN THE FUTURE. WE DO NOT KNOW, TODAY, HOW MUCH YOUR PREMIUM WILL BE IN FUTURE YEARS. THE RATE SCHEDULE THAT LISTS YOUR PREMIUM NOW CAN CHANGE.";

(9) the following language, if applicable, in bold print: "A SIGNIFICANT NUMBER OF PEOPLE ARE NOT HOSPITALIZED PRIOR TO ENTERING A NURSING HOME OR NEEDING HOME CARE, AND THEY WOULD NOT BE ABLE TO COLLECT ANY BENEFITS UNDER THIS PARTICULAR POLICY."; and

(10) a signed and completed copy of the application for insurance is left with the applicant at the time the application is made.

Sec. 11. Minnesota Statutes 1986, section 62A.54, is amended to read:

62A.54 [PROHIBITED PRACTICES.]

Unless otherwise provided for in Laws 1986, chapter 397, sections 2 to 8, the solicitation or sale of long-term care policies is subject to the requirements and penalties applicable to the sale of medicare

supplement insurance policies as set forth in sections 62A.31 to 62A.44.

It is misconduct for any agent or company to make any misstatements concerning eligibility or coverage under the medical assistance program, or about how long-term care costs will or will not be financed if a person does not have long-term care insurance. Any specific inquiry regarding medical assistance or long-term care financing shall be answered with, and every oral marketing presentation must contain, the following statements: "There is a program called medical assistance which helps pay for nursing home care. Our agents are (or I am) not qualified to advise you on the specific requirements for medical assistance eligibility. For information on medical assistance you can call your local older Americans legal services program, your local office of ombudsman for older Minnesotans, or your county human services department."

Sec. 12. [62A.57] [POLICY REPLACEMENT.]

No insurer or agent shall replace a long-term care policy with another long-term care policy of the same category unless there is a substantial difference in cost favorable to the policyholder, or the insured has previously demonstrated a dissatisfaction with the service presently being received from the current insurer. An insurer or agent may replace an AA classification long-term care policy with an A classification long-term care policy only if the prospective insured signs an acknowledgment that it is understood that the prospective insured will receive fewer benefits under the new policy than under the policy presently in force.

Sec. 13. [62A.58] [RESTRICTIONS ON POLICY ISSUANCE.]

Subdivision 1. [DUPLICATE COVERAGE PROHIBITED.] No agent shall sell a long-term care policy, as defined in sections 62A.46 and 62A.48, to a person who currently has one plan in effect. However, an agent may sell a replacement plan under section 62A.57 if the second plan is not made effective any sooner than necessary to provide continuous benefits for preexisting conditions. An application for long-term care insurance must require a listing of all long-term care insurance maintained by the applicant as of the date of application and the date the existing coverage expires.

Subd. 2. [REFUNDS.] An insurer that issues a long-term care plan to a person who has one plan then in effect, except as permitted in subdivision 1, shall, at the request of the insured, either refund the premiums or pay any claims on the policy, whichever is greater.

Subd. 3. [ACTION BY COMMISSIONER.] If the commissioner determines after an investigation that an insurer has issued a long-term care plan to a person who already has one plan, except as permitted in subdivision 1, the commissioner shall notify the

insurer in writing of the determination. If the insurer after notification fails to take reasonable action to prevent overselling, the commissioner may, in the manner prescribed in chapter 45, revoke or suspend the insurer's authority to sell accident and health insurance in the state or impose a civil penalty not to exceed \$10,000, or both.

Sec. 14. [62C.143] [DEPENDENT COVERAGE.]

A subscriber contract of a nonprofit health service plan corporation which covers an employee who is a Minnesota resident must, if it provides dependent coverage, allow dependent children who do not reside with the covered employee to be covered on the same basis as if they reside with the covered employee. Neither the amount of support provided by the employee to the dependent child nor the residency of the child can be used as an excluding or limiting factor for coverage or payment for any health care.

Sec. 15. Minnesota Statutes 1987 Supplement, section 62D.102, is amended to read:

62D.102 [MINIMUM BENEFITS.]

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

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

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

For purposes of determining benefits under this section, "hours of treatment" means treatment rendered on an individual or single

family basis. If treatment is rendered on a group basis, the hours of covered group treatment must be provided at a ratio of no less than two group treatment sessions to one individual treatment hour.

Sec. 16. [62D.104] [DEPENDENT COVERAGE.]

A health maintenance organization subscriber contract must, if it provides dependent coverage, allow dependent children who do not reside with the covered employee to be covered on the same basis as if they reside with the covered employee. Neither the amount of support provided by the employee to the dependent child nor the residency of the child can be used as an excluding or limiting factor for coverage or payment for any health care. Coverage under this section shall apply only if the dependent child resides within the service area of the health maintenance organization or if the dependent child is a birth or legally adopted child.

Sec. 17. Minnesota Statutes 1986, section 62E.04, is amended by adding a subdivision to read:

Subd. 9. [REDUCTION OF BENEFITS BECAUSE OF ERISA SERVICES.] No plan of health coverage including, but not limited to, any plan under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461, which covers a Minnesota resident shall deny or reduce benefits because services are rendered to a covered person or dependent who is eligible for or receiving benefits under chapter 256B.

Sec. 18. Minnesota Statutes 1986, section 62E.04, is amended by adding a subdivision to read:

Subd. 10. [DEPENDENT COVERAGE.] A plan of health coverage under the Federal Employee Retirement Income Security Act of 1974 (ERISA), United State Code, title 29, sections 1001 to 1461, which covers an employee who is a Minnesota resident must, if it provides dependent coverage, allow dependent children who are eligible for or receiving benefits under chapter 256B and who do not reside with the covered employee to be covered on the same basis as if they reside with the covered employee. Neither the amount of support provided by the employee to the dependent child nor the residency of the child can be used as an excluding or limiting factor for coverage or payment for any health care.

Sec. 19. Minnesota Statutes 1987 Supplement, section 129A.01, subdivision 5, is amended to read:

Subd. 5. [HANDICAPPED PERSON PERSON WITH A DISABILITY.] "Handicapped person" "Person with a disability" means a person who because of a substantial physical, mental, or emotional

disability or dysfunction requires special services in order to enjoy the benefits of society.

Sec. 20. Minnesota Statutes 1987 Supplement, section 129A.01, subdivision 6, is amended to read:

Subd. 6. [LONG TERM SHELTERED WORKSHOP REHABILITATION FACILITY.] "Long-term sheltered workshop Rehabilitation facility" means a facility where any manufacture or handiwork is carried on and an entity which meets the definition of "rehabilitation facility" in the federal Rehabilitation Act of 1973, as amended; however, for the purposes of sections 129A.03, paragraph (a), 129A.06, 129A.07, and 129A.08, "rehabilitation facility" means an entity which is operated for the primary purpose of providing remunerative employment to those handicapped persons with a disability who, as a result of physical or mental disability, are unable to participate in competitive employment. A long-term sheltered workshop rehabilitation facility shall supply such employment (1) as a step in the rehabilitation process for those who cannot be readily absorbed in the competitive labor market, or (2) during such time as employment opportunities for them in the competitive labor market do not exist.

Sec. 21. Minnesota Statutes 1987 Supplement, section 129A.01, subdivision 7, is amended to read:

Subd. 7. [WORK ACTIVITY PROGRAM.] "Work activity program" means a program which utilizes paid work and training services for the primary purpose of providing basic vocational skills development for the handicapped persons with a disability and which permits a level of production below that required for a long-term employment program.

Sec. 22. Minnesota Statutes 1986, section 129A.02, subdivision 3, is amended to read:

Subd. 3. [CONSUMER ADVISORY COUNCIL.] To assure that consumer concerns are integral parts of the considerations of a major consideration in the department department's programs, policies, and decision making process, the commissioner shall establish and appoint a consumer advisory council on vocational rehabilitation which shall be composed of ~~nine~~ no more than 13 members. No fewer than five A majority of the members of the council shall be handicapped persons, and there shall be with a disability who are current or former recipients of vocational rehabilitation services or who represent consumer/advocacy organizations that regularly serve vocational rehabilitation clients. If a qualified person is available to so serve, one person shall be appointed to the council to represent each of the following: business, labor, education, medicine and the private not-for-profit rehabilitation industry. The remaining members shall be public members. Under the direction of the

commissioner, the council shall organize itself and elect a chair and other officers as it deems appropriate. The council shall meet at the call of the chair or the commissioner as often as necessary. The council shall expire and the terms, compensation, and removal of members of the council shall be as provided in section 15.059. The council shall not expire as provided by section 15.059, subdivision 5.

Sec. 23. Minnesota Statutes 1987 Supplement, section 129A.03, is amended to read:

129A.03 [POWERS AND DUTIES.]

The commissioner shall:

(a) certify the long term sheltered workshops rehabilitation facilities to offer extended employment programs, grant funds to the extended employment programs, and perform the duties as specified in section 129A.08;

(b) provide vocational rehabilitation services such as to persons with disabilities in accordance with the state plan for vocational rehabilitation. These services include but are not limited to: diagnostic and related services incidental to determination of eligibility for services to be provided, including medical diagnosis and vocational diagnosis; vocational counseling, training and instruction, including personal adjustment training; physical restoration, including corrective surgery, therapeutic treatment, hospitalization and prosthetic and orthotic devices, all of which shall be obtained from appropriate established agencies; transportation; occupational and business licenses or permits, customary tools and equipment; maintenance; books, supplies and training materials; initial stocks and supplies; placement; on-the-job skill training and time-limited postemployment services leading to supported employment; acquisition of vending stands or other equipment, initial stocks and supplies for small business enterprises; supervision and management of small business enterprises, merchandising programs or services rendered by severely disabled persons; establishment, improvement, maintenance or extension of public and other nonprofit rehabilitation facilities, centers, workshops, demonstration projects and research. These services shall be provided for handicapped persons in the state whose capacity to earn a living has in any way been destroyed or impaired through industrial accident or otherwise; these Persons with a disability are entitled to free choice of vendor for any medical or, dental, prosthetic, or orthotic services provided under this paragraph;

(c) expend funds and provide technical assistance for the establishment, improvement, maintenance, or extension of public and other nonprofit rehabilitation facilities or centers;

(d) formulate plans of cooperation with the commissioner of labor

and industry for providing services to workers covered under the workers' compensation act;

(d) (e) maintain a contractual or regulatory relationship with the United States as authorized by the act of Congress approved September 1, 1954, known as the "Social Security Amendments of 1954," Public Law Number 761, section 221, and the act approved October 30, 1972, known as the Social Security Amendments of 1972, Public Law Number 92-603, and subsequent amendments Social Security Act, as amended. Under the contract this relationship, the state will undertake to make determinations referred to in those public laws with respect to all individuals in Minnesota, or with respect to a class or classes of individuals in this state that is designated in the agreement at the state's request. It is the purpose of this relationship to permit the citizens of this state to obtain all benefits available under federal law;

(e) (f) provide an in-service training program for department division of rehabilitation services employees by paying for its direct costs with state and federal funds;

(f) (g) conduct research and demonstration projects; provide training and instruction, including establishment and maintenance of research fellowships and traineeships, along with all necessary stipends and allowances; disseminate information to the handicapped persons with a disability and the general public; and provide technical assistance relating to vocational rehabilitation and independent living;

(g) (h) receive and disburse pursuant to law money and gifts available from governmental and private sources including, but not limited to, the federal Department of Education and the Social Security Administration, for the purpose of vocational rehabilitation or independent living. Money received from workers' compensation carriers for vocational rehabilitation services to injured workers must be deposited in the general fund;

(h) (i) design all state plans of for vocational rehabilitation or independent living services required as a condition to the receipt and disbursement of any money available from the federal government;

(i) (j) cooperate with other public or private agencies or organizations for the purpose of vocational rehabilitation or independent living. Money received from school districts, governmental subdivisions, mental health centers or boards, and private nonprofit organizations is appropriated to the commissioner for conducting joint or cooperative vocational rehabilitation or independent living programs;

(j) (k) enter into contractual arrangements with instrumentalities

of federal, state, or local government and with private individuals, organizations, agencies, or facilities with respect to providing vocational rehabilitation or independent living services;

(k) (l) take other actions required by state and federal legislation relating to vocational rehabilitation, independent living, and disability determination programs;

(l) (m) hire staff and arrange services and facilities necessary to perform the duties and powers specified in this section; and

(m) (n) adopt, amend, suspend, or repeal rules necessary to implement or make specific programs that the commissioner by sections 129A.01 to 129A.09 is empowered to administer.

Sec. 24. Minnesota Statutes 1987 Supplement, section 129A.06, subdivision 1, is amended to read:

Subdivision 1. Any city, town, county, nonprofit corporation, state regional center, or any combination thereof, may apply to the commissioner for assistance in establishing or operating a community ~~long-term sheltered workshop~~ rehabilitation facility. Application for assistance shall be on forms supplied by the commissioner. Each applicant shall annually submit to the commissioner its plan and budget for the next fiscal year. No applicant shall be eligible for a grant hereunder unless its plan and budget have been approved by the commissioner.

Sec. 25. Minnesota Statutes 1987 Supplement, section 129A.07, subdivision 1, is amended to read:

Subdivision 1. Every city, town, county, nonprofit corporation, or combination thereof establishing a ~~long-term sheltered workshop~~ rehabilitation facility shall appoint a ~~long-term sheltered workshop~~ rehabilitation facility board of no fewer than nine members before becoming eligible for the assistance provided by sections 129A.06 to 129A.08. When any city, town, or county singly establishes such a ~~workshop~~ rehabilitation facility, the board shall be appointed by the chief executive officer of the city or the chair of the governing board of the county or town. When any combination of cities, towns, counties or nonprofit corporations establishes a ~~workshop~~ rehabilitation facility, the chief executive officers of the cities, nonprofit corporations and the chairs of the governing bodies of the counties or towns shall appoint the board. If a nonprofit corporation singly establishes a ~~workshop~~ rehabilitation facility, the corporation shall appoint the board of directors. Membership on a board shall be representative of the community served and shall include a ~~handi-~~ handi- ~~eapped person with a disability.~~ eapped person with a disability. One-third to one-half of the board shall be representative of industry or business. The remaining members should be representative of lay associations for ~~the hand-~~ hand- ~~eapped persons with a disability,~~ eapped persons with a disability, labor, the general public, and

education, welfare, medical, and health professions. Nothing in sections 129A.06 to 129A.08 shall be construed to preclude the appointment of elected or appointed public officials or members of the board of directors of the sponsoring nonprofit corporation to the board, so long as representation described above is preserved. If a state regional center establishes an extended employment program, the chief executive officer of the state regional center shall perform the functions of the rehabilitation facility board as prescribed in subdivision 3. The regional center is not required to establish a separate governing body as a board. The state regional center shall establish an advisory committee following the membership representation requirements of this subdivision. If a county establishes a ~~workshop~~ an extended employment program and manages the ~~workshop~~ program with county employees, the governing board shall be the county board of commissioners and other provisions of this chapter pertaining to membership on the governing board do not apply.

Sec. 26. Minnesota Statutes 1987 Supplement, section 129A.08, subdivision 1, is amended to read:

Subdivision 1. [GRANTS.] The commissioner may make grants to assist cities, towns, counties, nonprofit corporations, state regional centers, or any combination thereof in the establishment, operation, and expansion of the extended employment programs offered by ~~long-term sheltered workshops rehabilitation facilities~~. The commissioner may accept federal grants or aids and shall cooperate with federal agencies in any reasonable manner necessary to qualify for federal grants or aids for ~~long-term sheltered workshops rehabilitation facilities~~ or their programs.

Sec. 27. Minnesota Statutes 1987 Supplement, section 129A.08, is amended by adding a subdivision to read:

Subd. 1a. [GRANTS FOR PERSONS ON WAITING LISTS.] If the division of rehabilitation services demonstrates that eligible persons are on a waiting list for community based employment program services, the commissioner shall grant funds to certified rehabilitation facilities to provide needed services. The amount of the grant shall be determined in a manner prescribed in rule, provided that all grant funds under this subdivision must be allocated to the community based employment program.

Sec. 28. Minnesota Statutes 1987 Supplement, section 129A.08, subdivision 4, is amended to read:

Subd. 4. [EVALUATION OF PROGRAMS.] The program evaluation must include, but not be limited to, the following considerations:

(a) Wages and benefits paid to sheltered employees extended employment program participants and number of hours worked;

(b) Rate of placement in competitive employment;

(c) Opportunities for sheltered employees extended employment program participants to participate in decisions affecting their employment;

(d) Workshop Rehabilitation facility responsiveness to sheltered employees extended employment program participants' grievances;

(e) Increases in individual sheltered employee extended employment program participants' productivity;

(f) Implementing innovative ways to increase placement and retention of sheltered employees in competitive employment, or in sheltered positions with competitive employers, or innovative ways that increase sheltered employee wages;

(g) Efficiency of the workshops rehabilitation facilities; and

~~(h)~~ (g) Types and levels of disability of the sheltered employees extended employment program participants and willingness of the workshop rehabilitation facility to accept and assist persons with serious behavioral, mental, sensory, or physical disabilities.

The evaluation must take into account the disability levels of the sheltered employees extended employment program participants, the geographic location and size of the workshop rehabilitation facility and the economic conditions of the surrounding community.

Sec. 29. Minnesota Statutes 1987 Supplement, section 129A.08, is amended by adding a subdivision to read:

Subd. 4a. [FUND ALLOCATION.] Funds appropriated for the extended employment program shall be distributed to rehabilitation facilities in a manner prescribed in rule, provided that 15 percent shall be allocated based on economic conditions as defined in rule and that, for funding purposes, no credit can be given for full-time equivalents, as defined in rule, in excess of the number of persons in the program.

Sec. 30. Minnesota Statutes 1987 Supplement, section 129A.08, subdivision 5, is amended to read:

Subd. 5. [RULE AUTHORITY.] In addition to the powers already conferred by law, the commissioner shall promulgate rules on:

(a) state certification of all long-term sheltered workshops rehabilitation facilities;

(b) allocation of state grant funds to extended employment programs;

(c) standards for qualification of personnel and quality of professional service and for in-service training and education leave programs for personnel;

(d) eligibility for service so that no person will be denied service on the basis of race, creed, or color;

(e) regulatory fees for consultation services;

(f) standards and criteria by which handicapped persons with a disability are to be judged eligible for the services;

(g) evaluation criteria for extended employment programs; and

(h) program evaluation criteria for work activity programs in order to determine the extent to which these programs meet the goals and objectives established in state and federal law relating to work activity programs.

The rules on evaluation criteria for long-term sheltered workshops rehabilitation facilities must be in effect by July 1, 1986. The rules must be used in making allocations for fiscal years beginning after June 30, 1987.

Sec. 31. Minnesota Statutes 1986, section 129A.09, is amended to read:

129A.09 [EXPENDITURE OF FEDERAL FUNDS.]

Notwithstanding the provisions of Laws 1975, chapter 433, section 2, subdivision 9, Any additional federal funds which become available to the state of Minnesota for vocational rehabilitation or independent living purposes after March 1, 1976 and April 1 of each fiscal year thereafter as a result of a reallocation of funds returned by other states or release of additional funds may be carried over and expended in the next fiscal year. The state of Minnesota shall have earned these funds in the year they are received with state expenditures in accordance with the federal-state formula in effect for that year. These funds shall be subject to the provisions of Laws 1976, chapter 332, section 9, subdivision 8.

Sec. 32. Minnesota Statutes 1986, section 129A.10, is amended to read:

129A.10 [INDEPENDENT LIVING SERVICES.]

Subdivision 1. [SERVICES OFFERED.] Independent living services are those services designed to materially improve opportunities for persons with disabilities to live and function more independently in their home, family, and community, and the services include:

- (1) intake counseling to determine the individual's needs for services;
- (2) referral and counseling services with respect to attendant care;
- (3) counseling and advocacy with respect to legal and economic rights and benefits;
- (4) independent living skills, training, and counseling;
- (5) housing and transportation referral and assistance;
- (6) surveys, directories, and other activities to identify appropriate housing and accessible transportation and other support services;
- (7) peer counseling;
- (8) education and training necessary to living in the community and participating in community affairs;
- (9) individual and group social and recreational activities;
- (10) attendant care and training of personnel to provide the care; and
- (11) other necessary services which are not inconsistent with sections 62A.26 and 62E.06, subdivision 1.

Subd. 2. [ADMINISTRATION.] This section shall be administered by the department of jobs and training through the division of ~~vocational~~ rehabilitation services. The department may employ staff as reasonably required to administer this section and may accept and receive funds from nonstate sources for the purpose of effectuating this section.

Subd. 3. [CERTIFICATION.] No applicant center for independent living may receive funding under this section unless it has received certification from the division of ~~vocational~~ rehabilitation services.

The division of ~~vocational~~ rehabilitation services shall involve ~~disabled consumers~~ persons with a disability and other interested persons to consider performance evaluation criteria in order to formulate rules by which centers will be certified by July 1, 1986.

The division of ~~vocational~~ rehabilitation services shall review the programs for centers of independent living receiving funds from this section to determine their adherence to standards adopted by rule and if the standards are substantially met, shall issue appropriate certifications.

Subd. 4. [APPLICATION OF CENTERS FOR INDEPENDENT LIVING.] The division of ~~vocational~~ rehabilitation services shall require centers for independent living to complete application forms, expenditure reports, and proposed plans and budgets. These reports must be in the manner and on the form prescribed by the division. When applying, the center for independent living shall agree to provide reports and records, and make available records for audit as may be required by the division of ~~vocational~~ rehabilitation services.

The applicant center for independent living shall be notified in writing by the division concerning the approval of budgets and plans.

Sec. 33. Minnesota Statutes 1986, section 144.053, is amended by adding a subdivision to read:

Subd. 5. Notwithstanding any rule to the contrary, the commissioner of health or the commissioner's agent is not required to solicit information that personally identifies persons selected to participate in an epidemiologic study if the commissioner determines that:

(1) the study monitors incidence or prevalence of a serious disease to detect potential health problems and predict risks, provides specific information to develop public health strategies to prevent serious disease, enables the targeting of intervention resources for communities, patients, or groups at risk of the disease, and informs health professionals about risks, early detection, or treatment of the disease;

(2) the personally identifying information is not necessary to validate the quality, accuracy, or completeness of the study;

(3) the collection of personally identifying information may seriously jeopardize the validity of study results, as demonstrated by an epidemiologic study.

Sec. 34. Minnesota Statutes 1986, section 144.053, is amended by adding a subdivision to read:

Subd. 6. [REPORT ON HUMAN IMMUNODEFICIENCY VIRUS TESTING.] The commissioner of health shall submit a report to the legislature by February 15, 1989, that:

(1) identifies existing quality controls and standards for laboratories that perform human immunodeficiency virus testing and specifies whether additional quality assurance measures are needed to assure accurate test results; and

(2) identifies the level of counseling and education that is occurring for individuals who are tested for the human immunodeficiency virus and specifies whether additional measures are needed to ensure that individuals tested for the human immunodeficiency virus are adequately counseled about the meaning of the test, test results, and steps the individual should take to protect the individual and others from infection.

Sec. 35. [144.054] [PLAIN LANGUAGE IN WRITTEN MATERIALS.]

(a) To the extent feasible and consistent with the goal of providing easily understandable and readable materials, all written materials relating to determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under a program administered or supervised by the commissioner of health must be understandable to a person who reads at the seventh-grade level, using the Flesch scale analysis readability score as determined under section 72C.09.

(b) All written materials relating to services and determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under programs administered or supervised by the commissioner of health must satisfy the plain language requirements of the plain language contract act under sections 325G.29 to 325G.36. Materials may be submitted to the attorney general for review and certification. Notwithstanding section 325G.35, subdivision 1, the attorney general shall review submitted materials to determine whether they comply with the requirements of section 325G.31. The remedies available pursuant to sections 8.31 and 325G.33 to 325G.36 do not apply to these materials. Failure to comply with this section shall not prevent the operation of program laws that are not the subject of the noncomplying materials.

(c) The requirements of this section apply to all materials modified or developed by the commissioner on or after July 1, 1988. The requirements of this section do not apply to materials that must be submitted to a federal agency for approval, to the extent that application of the requirements prevents federal approval.

Sec. 36. Minnesota Statutes 1986, section 144.125, is amended to read:

144.125 [TESTS OF INFANTS FOR INBORN METABOLIC ERRORS CAUSING MENTAL RETARDATION.]

Subdivision 1. [PROCEDURES.] It is the duty of (1) the administrative officer or other person in charge of each institution caring for infants 28 days or less of age and (2) the person required in pursuance of the provisions of section 144.215, to register the birth of a child, to cause to have administered to every such infant or child in its care tests for hemoglobinopathy, phenylketonuria and other inborn errors of metabolism causing mental retardation in accordance with rules prescribed by the state commissioner of health. In determining which tests must be administered, the commissioner shall take into consideration the adequacy of laboratory methods to detect the inborn metabolic error, the ability to treat or prevent medical conditions caused by the inborn metabolic error, and the severity of the medical conditions caused by the inborn metabolic error. Testing and the recording and reporting of the results of such tests shall be performed at such times and in such manner as may be prescribed by the state commissioner of health. The provisions of this section shall not apply to any infant whose parents object thereto on the grounds that such tests and treatment conflict with their religious tenets and practices.

Subd. 2. [FEES.] The commissioner shall charge laboratory service fees in an amount approximate to the cost of conducting the tests of infants for inborn metabolic errors. Costs associated with capital expenditures and the development of new procedures may be prorated over a three-year period when calculating the amount of these laboratory service fees.

Sec. 37. [144.97] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to section 144.98.

Subd. 2. [CERTIFICATION.] "Certification" means written acknowledgement of a laboratory's demonstrated capability to perform tests for a specific purpose.

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

Subd. 4. [CONTRACT LABORATORY.] "Contract laboratory" means a laboratory that performs tests on samples on a contract or fee-for-service basis.

Subd. 5. [LABORATORY.] "Laboratory" means the state, a person,

corporation, or other entity, including governmental, that examines, analyzes, or tests samples.

Subd. 6. [ENVIRONMENTAL SAMPLE.] "Environmental sample" means a substance derived from a nonhuman source and collected for the purpose of analysis.

Sec. 38. [144.98] [CERTIFICATION OF ENVIRONMENTAL LABORATORIES.]

Subdivision 1. [AUTHORIZATION.] The commissioner of health may certify laboratories that test environmental samples.

Subd. 2. [RULES.] The commissioner may adopt rules to implement this section, including:

(1) procedures, requirements, and fee adjustments for laboratory certification, including provisional status and recertification;

(2) standards and fees for certificate approval, suspension, and revocation;

(3) standards for environmental samples;

(4) analysis methods that assure reliable test results;

(5) laboratory quality assurance, including internal quality control, proficiency testing, and personnel training; and

(6) criteria for recognition of certification programs of other states and the federal government.

Subd. 3. [FEES.] (a) An application for certification under subdivision 1 must be accompanied by the annual fee specified in this subdivision. The fees are for:

(1) base certification fee, \$250; and

(2) test category certification fees:

<u>Test Category</u>	<u>Certification Fee</u>
<u>Bacteriology</u>	<u>\$100</u>
<u>Inorganic chemistry, fewer than 4 constituents</u>	<u>\$ 50</u>
<u>Inorganic chemistry, 4 or more constituents</u>	<u>\$150</u>
<u>Chemistry metals, fewer than 4 constituents</u>	<u>\$100</u>
<u>Chemistry metals, 4 or more constituents</u>	<u>\$250</u>
<u>Volatile organic compounds</u>	<u>\$300</u>
<u>Other organic compounds</u>	<u>\$300</u>

(b) The total annual certification fee is the base fee plus the applicable test category fees. The annual certification fee for a contract laboratory is 1.5 times the total certification fee.

(c) Laboratories located outside of this state that require an on-site survey will be assessed an additional \$1,200 fee.

(d) The commissioner of health may adjust fees under section 16A.128, subdivision 2. Fees must be set so that the total fees support the laboratory certification program. Direct costs of the certification service include program administration, inspections, the agency's general support costs, and attorney general costs attributable to the fee function.

Subd. 4. [FEES FOR LABORATORY PROFICIENCY TESTING AND TECHNICAL TRAINING.] The commissioner of health may set fees for proficiency testing and technical training services under section 16A.128. Fees must be set so that the total fees will include the following direct costs of the proficiency testing and technical training services: salaries, supplies and equipment, travel expenses, and attorney general costs attributable to the fee function.

Subd. 5. [LABORATORY CERTIFICATION ACCOUNT.] There is an account in the state treasury called the laboratory certification account. Fees collected under this section and appropriations for the purposes of this section must be put into the laboratory certification account. Money in the laboratory certification account is annually appropriated to the commissioner of health to administer this section.

Sec. 39. Minnesota Statutes 1986, section 144A.04, is amended by adding a subdivision to read:

Subd. 7. [MINIMUM NURSING STAFF REQUIREMENT.] Notwithstanding the provisions of Minnesota Rules, part 4655.5600, the minimum staffing standard for nursing personnel in nursing homes is as follows:

(a) The minimum number of hours of nursing personnel to be provided in a nursing home is the greater of two hours per resident per 24 hours or 0.95 hours per standardized resident day.

(b) For purposes of this subdivision, "hours of nursing personnel" means the paid, on-duty, productive nursing hours of all nurses and nursing assistants, calculated on the basis of any given 24-hour period. "Productive nursing hours" means all on-duty hours during which nurses and nursing assistants are engaged in nursing duties. Examples of nursing duties may be found in Minnesota Rules, parts 4655.5900, 4655.6100, and 4655.6400. Not included are vacations, holidays, sick leave, in-service classroom training, or lunches. Also

not included are the nonproductive nursing hours of the in-service training director. In homes with more than 60 licensed beds, the hours of the director of nursing are excluded. "Standardized resident day" means the sum of the number of residents in each case mix class multiplied by the case mix weight for that resident class, as found in Minnesota Rules, part 9549.0059, subpart 2, calculated on the basis of a facility's census for any given day.

(c) Calculation of nursing hours per standardized resident day is performed by dividing total hours of nursing personnel for a given period by the total of standardized resident days for that same period.

Sec. 40. Minnesota Statutes 1987 Supplement, section 144A.071, subdivision 3, is amended to read:

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

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

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

(c) to certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home

proves to the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes;

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

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

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

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

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

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

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

(4) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5; and

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

(h) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, if the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the remodeling or renovation;

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

(j) to license or certify beds in a project recommended for approval by the interagency board for quality assurance under section 144A.073;

(k) to license nursing home beds in a hospital facility that are relocated from a different hospital facility under common ownership or affiliation, provided: (1) the hospital in which the nursing home beds were originally located ceases to function as an acute care facility, or necessary support services for nursing homes as required for licensure under sections 144A.02 to 144A.10, such as dietary service, physical plant, housekeeping, physical therapy, occupational therapy, and administration, are no longer available from the original hospital site; and (2) the nursing home beds are not certified for participation in the medical assistance program;

(1) to license or certify beds that are moved from one location to another within an existing identifiable complex of hospital buildings, from a hospital-attached nursing home to the hospital building, or from a separate nursing home under common ownership with or control of a hospital to the hospital when a hospital-attached nursing home is moved simultaneously to the hospital to a building formerly used as a hospital, provided the original nursing home building will no longer be operated as a nursing home and the building to which the beds are moved will no longer be operated as a hospital. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation. At the time of the licensure and certification of the nursing home beds, the commissioner of health shall delicense the same number of acute care beds within the existing complex of hospital buildings or building. When a separate nursing home and a hospital-attached nursing home under common ownership or

control are simultaneously relocated to a hospital building; a combined cost report must be submitted for the cost reporting year ending September 30, 1987, and the freestanding nursing home limits apply. Relocation of nursing home beds under this clause is subject to the limitations in section 144A.073, subdivision 5;

(m) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(n) to license new nursing home beds in a continuing care retirement community affiliated with a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its residents from outside the state for the purpose of meeting contractual obligations to residents of the retirement community, provided the facility makes a written commitment to the commissioner of human services that it will not seek medical assistance certification for the new beds; or

(o) to certify or license new beds in a new facility on the Red Lake Indian reservation for which payments will be made under the Indian Health Care Improvement Act, Public Law Number 94-437, at the rates specified in United States Code, title 42, section 1396d(b);

(p) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure and if the cost of any remodeling of the facility does not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase in the future. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements; or

(q) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of Saint Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this clause.

Sec. 41. Minnesota Statutes 1987 Supplement, section 144A.073, subdivision 1, is amended to read:

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

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

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

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

(d) "Upgrading" means a change in the level of licensure of a bed from a boarding care bed to a nursing home bed in a certified boarding care facility ~~that is attached to a nursing home or a boarding care bed in a freestanding boarding care facility that currently meets all health department standards for a nursing home.~~

Sec. 42. Minnesota Statutes 1987 Supplement, section 144A.073, subdivision 2, is amended to read:

Subd. 2. [REQUEST FOR PROPOSALS.] At the intervals specified in rules, the interagency board shall publish in the State Register a request for proposals for nursing home projects to be licensed or certified under section 144A.071, subdivision 3, clause (j). The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency board within 90 days of the date of publication. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the notice for that year must state that proposals will not be requested because no appropriations were made. To be considered for approval, a proposal must include the following information:

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

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

(3) a description of the proposed project;

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

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

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

(7) for proposals involving replacement or renovation of all or part of a facility which is not air conditioned, a proposal to add air conditioning to the portions undergoing replacement or renovation. If the applicant feels it has good cause for not recommending this portion of the proposal, it shall state its reasons;

(8) the proposed timetable for commencing construction and completing the project; and

(8) (9) other information required by rule of the commissioner of health.

Sec. 43. Minnesota Statutes 1987 Supplement, section 144A.073, subdivision 7, is amended to read:

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

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

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

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

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

(e) ~~Upgrading must not result in an increase in per diem operating costs, except for the upgrading of those freestanding boarding care facilities which currently meet existing nursing home building and space standards.~~

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

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

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

Sec. 44. Minnesota Statutes 1987 Supplement, section 144A.073, subdivision 8, is amended to read:

Subd. 8. [RULEMAKING.] The commissioner of health shall adopt emergency or permanent rules to implement this section. The authority to adopt emergency rules continues until December 30, 1988.

Sec. 45. Minnesota Statutes 1986, section 145.853, subdivision 2, is amended to read:

Subd. 2. In seeking to determine whether a disabled person suffers from an illness, a law enforcement officer shall make a reasonable search for an identifying device and an identification card of the type described in section 145.852, subdivision 2 and examine them for emergency information. The law enforcement officer may not search for an identifying device or an identification card in a manner or to an extent that would appear to a reasonable person in the circumstances to cause an unreasonable risk of worsening the disabled person's condition. The law enforcement officer may not remove an identifying device or an identification card from the possession of a disabled person unless the removal is necessary for law enforcement purposes or to protect the safety of the disabled person.

Sec. 46. Minnesota Statutes 1986, section 145.894, is amended to read:

145.894 [STATE COMMISSIONER OF HEALTH; DUTIES, RESPONSIBILITIES.]

The commissioner of health shall:

(a) Develop a comprehensive state plan for the delivery of nutritional supplements to pregnant and lactating women, infants, and children;

(b) Contract with existing local public or private nonprofit organizations for the administration of the nutritional supplement program;

(c) Develop and implement a public education program promoting the provisions of sections 145.891 to 145.897, and provide for the delivery of individual and family nutrition education and counseling at project sites;

(d) Develop in cooperation with other agencies and vendors a

uniform state voucher system for the delivery of nutritional supplements;

(e) Authorize local health agencies to issue vouchers bimonthly to some or all eligible individuals served by the agency, provided the agency demonstrates that the federal minimum requirements for providing nutrition education will continue to be met and that the quality of nutrition education and health services provided by the agency will not be adversely impacted;

(f) Investigate and implement an infant formula cost reduction system that will reduce the cost of nutritional supplements so that by October 1, 1988, additional mothers and children will be served;

(g) Develop, analyze and evaluate the health aspects of the nutritional supplement program and establish nutritional guidelines for the program;

(h) Apply for, administer, and annually expend at least 99 percent of available federal or private funds;

(i) Aggressively market services to eligible individuals by conducting ongoing outreach activities and by coordinating with and providing marketing materials and technical assistance to local human services and community service agencies and nonprofit service providers;

(j) Determine, on July 1 of each year, the number of pregnant women participating in each special supplemental food program for women, infants, and children (W.I.C.) and, in 1986, 1987, and 1988, at the commissioner's discretion, designate a different food program deliverer if the current deliverer fails to increase the participation of pregnant women in the program by at least ten percent over the previous year's participation rate;

(k) Promulgate all rules necessary to carry out the provisions of sections 145.891 to 145.897; and

(l) Report to the legislature by November 15 of every year on the expenditures and activities under sections 145.891 to 145.897 of the state and local health agencies for the preceding fiscal year.

Sec. 47. [145.924] [AIDS PREVENTION GRANTS.]

The commissioner may award grants to local boards of health, state agencies, state councils, or nonprofit corporations to provide evaluation and counseling services to populations at risk for acquiring human immunodeficiency virus infection, including, but not limited to, minorities, adolescents, intravenous drug users, and homosexual men.

Sec. 48. Minnesota Statutes 1987 Supplement, section 148B.23, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTION FROM EXAMINATION.] For two years from July 1, 1987, the board shall issue a license without examination to an applicant:

(1) for a licensed social worker, if the board determines that the applicant has received a baccalaureate degree from an accredited program of social work, or that the applicant has at least a baccalaureate degree from an accredited college or university and two years in full-time employment or 4,000 hours of experience in the supervised practice of social work within the five years before July 1, 1987 1989;

(2) for a licensed graduate social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline, as approved by the board;

(3) for a licensed independent social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline, as approved by the board; and, after receiving the degree, has practiced social work for at least two years in full-time employment or 4,000 hours under the supervision of a social worker meeting these requirements, or of another qualified professional; and

(4) for a licensed independent clinical social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline as approved by the board; and, after receiving the degree, has practiced clinical social work for at least two years in full-time employment or 4,000 hours under the supervision of a clinical social worker meeting these requirements, or of another qualified mental health professional.

Sec. 49. Minnesota Statutes 1987 Supplement, section 148B.42, subdivision 1, is amended to read:

Subdivision 1. [FILING.] All mental health service providers shall file with the state, on a form provided by the board, their name; home and business address; telephone number; degrees held, if any, major field, and whether the degrees are from an accredited institution and how the institution is accredited; and any other relevant experience. An applicant for filing who has practiced in another state shall authorize, in writing, the licensing or regulatory entity

in the other state or states to release to the board any information on complaints or disciplinary actions pending against that individual, as well as any final disciplinary actions taken against that individual. The board shall provide a form for this purpose. The board may reject a filing if there is evidence of a violation of or failure to comply with this chapter. Filings under this subdivision are public data.

Sec. 50. [152A.01] [INSTITUTE ESTABLISHED; STRUCTURE; BOARD OF DIRECTORS.]

Subdivision 1. [INSTITUTE ESTABLISHED; NAME.] The Minnesota Institute for Addiction and Stress Research is established. For purpose of sections 152A.01 to 152A.05, "institute" means the Minnesota Institute for Addiction and Stress Research. All business of the institute must be conducted under the name "Minnesota Institute for Addiction and Stress Research." The institute is funded by a grant from the commissioner of health.

Subd. 2. [BOARD OF DIRECTORS.] The institute must be governed by a board of 13 directors appointed by the governor. Terms are for six years. Five of the initial directors must be appointed for six-year terms, five for four-year terms, and three for two-year terms.

Subd. 3. [BOARD COMPOSITION; EXECUTIVE COMMITTEE.] (a) The board must include representatives from the Minnesota department of health, the medical and scientific teams of the institute, established health organizations, private citizens, and corporate representatives. The vice president for finance and operations of the institute shall serve as an ex-officio member of the board.

(b) An executive committee of four members of the board and the vice president for finance and operations of the institute shall oversee the regular activities of the institute and keep the board informed of progress and new developments at the institute.

Subd. 4. [OPERATING PROCEDURES.] The board shall adopt operating procedures necessary to conduct the business of the institute, consistent with sections 152A.01 to 152A.05. Adoption of operating procedures under this subdivision is not subject to the administrative procedure act under chapter 14.

Subd. 5. [PLACES OF BUSINESS.] The board shall locate and maintain the institute's places of business within the state.

Subd. 6. [MEETINGS AND ACTIONS OF THE BOARD.] The board shall meet at least three times a year and may hold additional meetings as determined necessary by the executive committee, upon

giving notice as provided in the operating procedures adopted by the board.

Sec. 51. [152A.02] [INSTITUTE PERSONNEL.]

Subdivision 1. [PRESIDENT.] The board shall appoint a president, who serves as chief executive officer of the institute. Subject to the control of the board, the president may appoint subordinate employees and agents.

Subd. 2. [STATUS OF EMPLOYEES.] The president, all managerial employees, and all persons employed as medical specialists or research scientists serve in the unclassified state civil service, and are excluded from collective bargaining. These persons shall participate in the state unclassified employees retirement program. All other employees of the board serve in the classified state civil service.

Subd. 3. [COMPENSATION PLANS.] Notwithstanding any law to the contrary, the board shall set total compensation for its unclassified employees, subject to approval of the commissioner of employee relations. The salary of the president is not a limit on compensation of other board employees. In establishing and approving total compensation, the board and the commissioner shall assure that the board is able to attract and retain qualified doctors of medicine.

Sec. 52. [152A.03] [POWERS OF THE INSTITUTE.]

In addition to other powers granted by sections 152A.01 to 152A.05, the institute may:

- (1) sue, and be sued;
- (2) have a seal and alter it at will;
- (3) acquire and dispose of personal property, including inchoate and intellectual property, royalties, stock, and stock warrants;
- (4) enter into contracts or agreements with a federal or state agency, person, business, or other organization;
- (5) acquire and dispose of real property or an interest in real property;
- (6) purchase insurance;
- (7) sell, at public or private sale, any note, mortgage, or other instrument or obligation;

(8) consent to the modification of a contract or agreement to which the institute is a party;

(9) borrow money to carry out its purposes and issue negotiable notes, which it may refund, guarantee, or insure in whole or in part with money from the fund, other assets of the institute, or an account created by the institute for that purpose;

(10) develop, buy, and possess financial and technical information, including credit reports and financial statements;

(11) accept gifts, grants, and bequests and use or dispose of them for its purposes; and

(12) receive payments in the form of royalties, dividends, or other proceeds in connection with the ownership, license, or lease of products or businesses.

Sec. 53. [152A.04] [OPERATIONS PLAN; REPORTS.]

Subdivision 1. [OPERATIONS PLAN.] The board shall submit a progress report and an operations plan to the governor and the legislature by January 1, 1989. The plan must include the board's operating procedures, accounting procedures, personnel procedures, investment procedures, and rules of conduct and ethics.

Subd. 2. [REPORTS.] The board shall report quarterly to the commissioner of finance, on forms provided by the commissioner of finance, information about fiscal performance and status. The board shall also report quarterly to the commissioner of health, on forms provided by the commissioner of health, information about the institute's status, research and clinical projects and findings, and performance.

Sec. 54. [152A.05] [MONITORING; TERMINATION.]

Subdivision 1. [MONITORING.] All relevant records and the performance of the institute shall be monitored by the commissioner of health to assure that the institute continues to demonstrate the following:

(1) the ability to carry out task-oriented basic and clinical neurobiological research on addictive disorders and the commitment to develop an integrated, comprehensive program of basic and clinical research;

(2) the institute's involvement in basic and clinical research of stress especially as it relates to addictive disorders and chronic viral infections;

(3) the ability to work with other research and education programs;

(4) the ability to cooperate with interested health professionals throughout the state to implement the research findings;

(5) the ability to seek and receive outside funding;

(6) a significant ongoing treatment program based on a medical model capable of statewide application;

(7) the relatively close proximity to a major medical educational institution; and

(8) the commitment to develop a program to educate the public about addictive and stress-related medical disorders and also to train therapists in Minnesota.

Subd. 2. [TERMINATION.] If the commissioner of health finds that the institute is not continuing to meet the requirements in subdivision 1, the commissioner of health may terminate the grant to the institute upon 90 days' notice to the board.

Sec. 55. [157.081] [FINES.]

Subdivision 1. [FINES FOR VIOLATIONS; LIMITS.] The commissioner shall impose a civil fine for repeated or egregious violation of rules relating to facilities licensed under chapter 157 or 327. The fine shall be assessed for each day the licensed facility fails to comply with the rules. A fine for a specific violation shall not exceed \$50 per day.

Subd. 2. [SCHEDULE OF FINES; RULES.] The commissioner shall establish a schedule of fines by adopting rules.

Subd. 3. [NOTICE OF FINE; APPEAL.] A licensed facility that is fined under subdivision 1 shall be notified of the fine by certified mail. The notice must be mailed to the address shown on the application for the license or the last known address of the licensed facility. The notice must state the reasons for the fine and must inform the licensed facility of the right to a contested case hearing under chapter 14.

Sec. 56. [179A.30] [REGIONAL TREATMENT CENTER, NURSING HOME, AND COMMUNITY-BASED FACILITY EMPLOYEES.]

Subdivision 1. [EXCLUSIVE REPRESENTATIVE.] The exclusive representative of employees may meet and negotiate with the commissioner of employee relations, in consultation with the com-

missioner of human services, concerning possible changes in hours or work schedules that could produce cost reductions in the biennium in the regional treatment centers.

Subd. 2. [COMMISSIONER OF EMPLOYEE RELATIONS.] The commissioner of employee relations shall meet and negotiate in accordance with chapter 179A with the appropriate exclusive representative of the regional treatment center employees concerning the terms and conditions of employment that result from state-operated, community-based residential programs established under section 252.035.

Sec. 57. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 3, is amended to read:

Subd. 3. [CASE MANAGEMENT ACTIVITIES.] "Case management activities" means activities that are ~~part of~~ coordinated with the community support services program as defined in subdivision 6 and are designed to help people with serious and persistent mental illness in gaining access to needed medical, social, educational, vocational, and other necessary services as they relate to the client's mental health needs. Case management activities include ~~obtaining a diagnostic assessment;~~ developing an individual community support plan, referring the person to needed mental health and other services, ~~coordinating~~ ensuring coordination of services, and monitoring the delivery of services.

Sec. 58. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 4, is amended to read:

Subd. 4. [CASE MANAGER.] "Case manager" means an individual employed by the county or other entity authorized by the county board to provide the case management activities as ~~part of a community support services program specified in sections 245.462, subdivision 3; 245.471; and 245.475.~~ A case manager must be qualified at the mental health practitioner level with a bachelors degree in one of the behavioral sciences or related fields from an accredited college or university and have at least 2,000 hours of supervised experience in the delivery of services to persons with mental illness, must be skilled in the process of identifying and assessing a wide range of client needs, and must be knowledgeable about local community resources and how to use those resources for the benefit of the client. The case manager must meet in person with a mental health professional at least once each month to obtain clinical supervision of the case manager's activities. Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of services to persons with mental illness must complete 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of persons with serious and persistent mental illness and must receive clinical supervision regarding individual service

delivery from a mental health professional at least once each week until the requirement of 2,000 hours of supervised experience is met. Clinical supervision must be documented in the client record.

Sec. 59. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 6, is amended to read:

Subd. 6. [COMMUNITY SUPPORT SERVICES PROGRAM.] "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the clinical supervision of a mental health professional designed to help people with serious and persistent mental illness to function and remain in the community. A community support services program includes case management activities provided to persons with serious and persistent mental illness;

- (1) client outreach,
- (2) medication management,
- (3) assistance in independent living skills,
- (4) development of employability and supportive work opportunities,
- (5) crisis assistance,
- (6) psychosocial rehabilitation,
- (7) help in applying for government benefits, and
- (8) the development, identification, and monitoring of living arrangements.

The community support services program must be coordinated with the case management activities specified in sections 245.462, subdivision 3; 245.471; and 245.475.

Sec. 60. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 17, is amended to read:

Subd. 17. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

- (1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university, and has at least 2,000 hours of supervised experience in the delivery of services to persons with mental illness;

(2) has at least 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training by an accredited college or university; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university ~~with and~~ has less than 4,000 hours post-master's experience in the treatment of mental illness.

Sec. 61. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 18, is amended to read:

Subd. 18. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse with a master's degree in one of the behavioral sciences or related fields from an accredited college or university or its equivalent, who is licensed under sections 148.171 to 148.285, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work: a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Sec. 62. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 19, is amended to read:

Subd. 19. [MENTAL HEALTH SERVICES.] "Mental health services" means at least all of the treatment services and case management activities that are provided to persons with mental illness and are described in sections ~~245.468~~ 245.461 to ~~245.476~~ 245.486.

Sec. 63. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 20, is amended to read:

Subd. 20. [MENTAL ILLNESS.] (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) A "person with acute mental illness" means a person who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of sections ~~245.461~~ to ~~245.486~~ case management and community support services, a "person with serious and persistent mental illness" means a person who has a mental illness and meets at least one of the following criteria:

(1) the person has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months;

(2) the person has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months;

(3) the person:

(i) has had a history of recurring inpatient or residential treatment episodes of a frequency described in clause (1) or (2), but not within the preceding 24 months. There must also be a diagnosis of schizophrenia, bipolar disorder, major depression, or borderline personality disorder;

(ii) indicates a significant impairment in functioning; and

(iii) has a written opinion of from a mental health professional

stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless an ongoing community support services program is provided; or

(4) the person has been committed by a court as a mentally ill person under chapter 253B, or the person's commitment has been stayed or continued.

Sec. 64. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 21, is amended to read:

Subd. 21. [OUTPATIENT SERVICES.] "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the clinical supervision of a mental health professional to persons with a mental illness who live outside a hospital or residential treatment setting. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Sec. 65. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 23, is amended to read:

Subd. 23. [RESIDENTIAL TREATMENT.] "Residential treatment" means a 24-hour-a-day residential program under the clinical supervision of a mental health professional, in a community residential setting other than an acute care hospital or regional treatment center, which must be licensed as a residential treatment facility for mentally ill persons with mental illness under Minnesota Rules, parts 9520.0500 to 9520.0690 for adults, 9545.0900 to 9545.1090 for children, or other rule adopted by the commissioner.

Sec. 66. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 25, is amended to read:

Subd. 25. [CLINICAL SUPERVISION.] "Clinical supervision," when referring to the responsibilities of a mental health professional, means the oversight responsibility of a mental health professional for individual treatment plans, and individual service delivery, and program activities including that provided by the case manager. Clinical supervision may must be accomplished by full or part-time employment of or contracts with mental health professionals. Clinical supervision must be documented by the mental health professional cosigning individual treatment plans and evidence of input into service delivery and program development by entries in the client's record regarding supervisory activities.

Sec. 67. Minnesota Statutes 1987 Supplement, section 245.465, is amended to read:

245.465 [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local mental health service proposal approved by the commissioner. The county board must:

(1) develop and coordinate a system of affordable and locally available mental health services in accordance with sections 245.466 245.461 to 245.474 245.486;

(2) provide for case management services to persons with serious and persistent mental illness in accordance with ~~section 245.475~~ sections 245.462, subdivisions 3 and 4; 245.471; 245.475; and 245.486;

(3) provide for screening of persons specified in section 245.476 upon admission to a residential treatment facility or acute care hospital inpatient, or informal admission to a regional treatment center; and

(4) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.461 to 245.486.

Sec. 68. Minnesota Statutes 1987 Supplement, section 245.466, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT OF SERVICES.] The county board in each county is responsible for using all available resources to develop and coordinate a system of locally available and affordable mental health services. The county board may provide some or all of the mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center under section 246.57 to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward full implementation of sections 245.461 to 245.486 during the period July 1, 1987 to January 1, 1990. County boards must develop fully each of the treatment services and management activities prescribed by sections 245.461 to 245.486 by January 1, 1990, according to the priorities established in section 245.464 and the local mental health services proposal approved by the commissioner under section 245.478.

Sec. 69. Minnesota Statutes 1987 Supplement, section 245.466, subdivision 2, is amended to read:

Subd. 2. [MENTAL HEALTH SERVICES.] The mental health service system developed by each county board must include the following ~~treatment~~ services:

(1) education and prevention services in accordance with section 245.468;

(2) emergency services in accordance with section 245.469;

(3) outpatient services in accordance with section 245.470;

(4) community support program services in accordance with sections 245.471 and 245.475;

(5) residential treatment services in accordance with section 245.472;

(6) acute care hospital inpatient treatment services in accordance with section 245.473;

(7) regional treatment center inpatient services in accordance with section 245.474; and

(8) screening in accordance with section 245.476; and

(9) case management in accordance with sections 245.462, subdivision 3; 245.471; and 245.475.

Sec. 70. Minnesota Statutes 1987 Supplement, section 245.466, subdivision 5, is amended to read:

Subd. 5. [LOCAL ADVISORY COUNCIL.] The county board, individually or in conjunction with other county boards, shall establish a local mental health advisory council or mental health subcommittee of an existing advisory council. The council's members must reflect a broad range of community interests. They must include at least one consumer, one family member of a person with mental illness, one mental health professional, and one community support services program representative. The local mental health advisory council or mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local mental health system. Annually, the local advisory council or mental health subcommittee of an existing advisory council shall arrange for input from the regional treatment center ~~review board~~ center's mental illness program unit regarding coordination of care between the regional treatment center and community-based services. The

county board shall consider the advice of its local mental health advisory council or mental health subcommittee of an existing advisory council in carrying out its authorities and responsibilities.

Sec. 71. Minnesota Statutes 1987 Supplement, section 245.467, is amended by adding a subdivision to read:

Subd. 4. [REFERRAL FOR CASE MANAGEMENT.] Each provider of emergency services, outpatient treatment, community support services, residential treatment, acute care hospital inpatient treatment, or regional treatment center inpatient treatment must inform each of its clients with serious and persistent mental illness of the availability and potential benefits to the client of case management. If the client consents, the provider must refer the client by notifying the county employee designated by the county board to coordinate case management activities of the client's name and address and by informing the client of whom to contact to request case management. The provider must document compliance with this subdivision in the client's record.

Sec. 72. Minnesota Statutes 1987 Supplement, section 245.467, is amended by adding a subdivision to read:

Subd. 5. [INFORMATION FOR BILLING.] Each provider of outpatient treatment, community support services, emergency services, residential treatment, or acute care hospital inpatient treatment must include the name and home address of each client for whom services are included on a bill submitted to a county, if the client has consented to the release of that information and if the county requests the information. Each provider must attempt to obtain each client's consent to include the client's name and home address on the bill, explaining that the information can only be released with the client's consent, must be used only for purposes of payment and maintaining provider accountability, and must document the attempt in the client's record.

Sec. 73. Minnesota Statutes 1987 Supplement, section 245.467, is amended by adding a subdivision to read:

Subd. 6. [RESTRICTED ACCESS TO DATA.] The county board shall establish procedures to ensure that the names and addresses of persons receiving mental health services are disclosed only to:

(1) county employees who are specifically responsible for determining county of financial responsibility or making payments to providers; and

(2) staff who provide treatment services or case management and their clinical supervisors.

Release of mental health data on individuals submitted under section 245.467, subdivisions 4 and 5, to persons other than those specified in this subdivision, or use of this data for purposes other than those stated in section 245.467, subdivisions 4 and 5, results in civil or criminal liability under the standards in sections 13.08 or 13.09.

Sec. 74. Minnesota Statutes 1987 Supplement, section 245.469, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services provide immediate direct access to a mental health ~~professionals~~ professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll free telephone access to a mental health professional, a mental health practitioner, or a designated person with training in human services who is under the receives clinical supervision of from a mental health professional. Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for at least telephone consultation within 30 minutes.

Sec. 75. Minnesota Statutes 1987 Supplement, section 245.471, subdivision 2, is amended to read:

Subd. 2. [CASE MANAGEMENT ACTIVITIES.] (a) By January 1, 1989, the county board shall develop case management activities ~~must be developed as part of the community support program available to for all persons with serious and persistent mental illness residing in the county who request or consent to the services.~~ Staffing ratios must be sufficient to serve the needs of the clients. The case manager must at a minimum qualify as a mental health practitioner meet the requirements in section 245.462, subdivision 4.

(b) All providers of case management activities ~~must develop an individual community support plan. The individual community support plan must state for each of their clients:~~

- (1) the goals of each service;
- (2) the activities for accomplishing each goal;
- (3) a schedule for each activity; and
- (4) the frequency of face-to-face client contacts, as appropriate to client need and the implementation of the community support plan.

The case manager must develop an individual community support

plan must incorporate for each client that incorporates the client's individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual community support plan. The individual community support plan must be developed within 30 days of client intake and reviewed every 90 days after it is developed. The case manager is responsible for developing the individual community support plan based on a diagnostic assessment and for implementing and monitoring the delivery of services according to the individual community support plan. To the extent possible, the person with serious and persistent mental illness, the person's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual community support plan.

(c) The client's individual community support plan must state:

(1) the goals of each service;

(2) the activities for accomplishing each goal;

(3) a schedule for each activity; and

(4) the frequency of face-to-face contacts by the case manager, as appropriate to client need and the implementation of the community support plan.

(d) The county board must establish procedures that ensure ongoing contact and coordination between the case manager and the community support program as well as other mental health services.

Sec. 76. Minnesota Statutes 1987 Supplement, section 245.471, subdivision 3, is amended to read:

Subd. 3. [DAY TREATMENT ACTIVITIES SERVICES PROVIDED.] (a) By July 1, 1989, day treatment activities services must be developed as a part of the community support program available to persons with serious and persistent mental illness residing in the county. Day treatment services must be available to persons with serious and persistent mental illness residing in the county as part of the community support program of each county. Clients may be required to pay a fee. Day treatment services must be designed to:

(1) provide a structured environment for treatment;

(2) provide family and community support;

(3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need; and

(4) establish fee schedules approved by the county board that are based on a client's ability to pay.

(b) County boards may request a waiver from including day treatment services if they can document that:

(1) an alternative plan of care exists through the county's community support program for clients who would otherwise need day treatment services;

(2) ~~that~~ day treatment, if included, would be duplicative of other components of the community support program; and

(3) ~~that~~ county demographics and geography make the provision of day treatment services cost ineffective and unfeasible.

Sec. 77. Minnesota Statutes 1987 Supplement, section 245.472, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC REQUIREMENTS.] Providers of residential services must be licensed under applicable rules adopted by the commissioner and must be clinically supervised by a mental health professional. Persons employed in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, in the capacity of program director as of July 1, 1987, in accordance with Minnesota Rules, parts 9520.0500 to 9520.0690, may be allowed to continue providing clinical supervision within a facility for a period of four years beginning July 1, 1987, provided they continue to be employed as a program director in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Sec. 78. Minnesota Statutes 1987 Supplement, section 245.475, subdivision 1, is amended to read:

Subdivision 1. [CLIENT ELIGIBILITY CASE MANAGEMENT.] By January 1, 1989, the county board shall provide case management and other appropriate community support services to all persons each person with serious and persistent mental illness who requests services or is referred by a provider under section 245.467, subdivision 4, and to each person for whom the court appoints a case manager. Case management services provided to people with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under section 256B.02, subdivision 8.

Sec. 79. Minnesota Statutes 1987 Supplement, section 245.475, subdivision 2, is amended to read:

Subd. 2. [DESIGNATION OF CASE MANAGER NOTIFICATION OF CASE MANAGEMENT ELIGIBILITY.] The county board

shall ~~designate a~~ notify the client of the person's potential eligibility for case manager management services within five working days after receiving an application for community support services or immediately after authorizing payment for residential, acute care hospital inpatient, or regional treatment center services under section 245.476 a request from an individual or a referral from a provider under section 245.467, subdivision 4.

The county board shall send a written notice to the ~~applicant client and the applicant's client's~~ representative, if any, that identifies the designated case ~~manager management providers.~~

Sec. 80. Minnesota Statutes 1987 Supplement, section 245.476, subdivision 1, is amended to read:

Subdivision 1. [SCREENING REQUIRED.] By No later than January 1, 1989 1991, the county board shall screen all persons before they may be admitted for treatment of mental illness to a residential treatment facility, an acute care hospital, or informally admitted to a regional treatment center if public funds are used to pay for the services. Screening prior to admission must occur within ten days. If a person is admitted for treatment of mental illness on an emergency basis to a residential facility or acute care hospital or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five days of the admission. Persons must be screened within ten days before or within five days after admission to ensure that:

- (1) an admission is necessary,
- (2) the length of stay is as short as possible consistent with individual client need, and
- (3) a the case manager, if assigned, is immediately assigned to individuals with serious and persistent mental illness and developing an individual community support plan is developed.

The screening process and placement decision must be documented in the client's record.

An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible for the review, and review criteria are comparable to the standards specified in clauses (1) to (3).

Sec. 81. Minnesota Statutes 1987 Supplement, section 245.477, is amended to read:

245.477 [APPEALS.]

Any person who applies for requests mental health services under sections 245.461 to 245.486 must be advised of services available and the right to appeal at the time of application the request and each time the community service plan is reviewed. Any person whose application request for mental health services under sections 245.468 245.461 to 245.476 245.486 is denied, not acted upon with reasonable promptness, or whose services are suspended, reduced, or terminated may contest that action before the state agency as specified in section 256.045. The commissioner shall monitor the nature and frequency of administrative appeals under this section.

Sec. 82. Minnesota Statutes 1987 Supplement, section 245.478, subdivision 1, is amended to read:

Subdivision 1. [TIME PERIOD.] The first local mental health proposal period is from July 1, 1988, to December 31, 1989. The county board shall submit its first proposal to the commissioner by January 1, 1988. Subsequent proposals must be on the same two-year cycle as community social service plans and must satisfy the requirement of the community social service plan for the mental illness target population as required by section 256E.09 if the proposal complies with sections 245.461 to 245.486. The proposal must be made available upon request to all residents of the county at the same time it is submitted to the commissioner.

Sec. 83. Minnesota Statutes 1987 Supplement, section 245.478, subdivision 2, is amended to read:

Subd. 2. [PROPOSAL CONTENT.] The local mental health proposal must include:

(1) the local mental health advisory council's or mental health subcommittee of an existing advisory council's report on unmet needs and any other needs assessment used by the county board in preparing the local mental health proposal;

(2) a description of the local mental health advisory council's or the mental health subcommittee of an existing advisory council's involvement in preparing the local mental health proposal and methods used by the county board to obtain participation of citizens, mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of clients who received each of the mental health services listed in sections 245.468 to 245.476, and actual expenditures and revenues for each mental health service;

(4) for the first proposal period only, information for the year during which the proposal is being prepared:

(i) a description of the current mental health system identifying each mental health service listed in sections 245.468 to 245.476;

(ii) a description of each service provider, including a listing of the professional qualifications of the staff involved in service delivery, that is either the sole provider of one of the ~~treatment~~ mental health services or management activities described in sections 245.468 to 245.476 or that provides over \$10,000 of mental health services per year for this county;

(iii) a description of how the mental health services in the county are unified and coordinated;

(iv) the estimated number of clients receiving each mental health service;

(v) estimated expenditures ~~and revenues~~ for each mental health service; and

(5) the following information describing how the county board intends to meet the requirements of sections 245.461 to 245.486 during the proposal period:

(i) specific objectives and outcome goals for each mental health service listed in sections 245.468 to 245.476;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the treatment mental health services or management activities described in sections 245.468 to 245.476 or to provide over \$10,000 of mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery for this county;

(iii) a description of how the mental health services in the county will be unified and coordinated;

(iv) the estimated number of clients who will receive each mental health service; and

(v) estimated expenditures ~~and revenues~~ for each mental health service and revenues for the entire proposal.

Sec. 84. Minnesota Statutes 1987 Supplement, section 245.478, subdivision 9, is amended to read:

Subd. 9. [PLAN AMENDMENT.] If the county board finds it necessary to make significant changes in the approved local proposal, it must present the proposed changes to the commissioner for

approval at least 60 30 days before the changes take effect. "Significant changes" means:

(1) the county board proposes to provide a mental health service through a provider other than the provider listed for that service in the approved local proposal;

(2) the county board expects the total annual expenditures for any single mental health service to vary more than ten percent or \$5,000, whichever is greater, from the amount in the approved local proposal;

(3) the county board expects a combination of changes in expenditures per mental health service to exceed more than ten percent of the total mental health services expenditures; or

(4) the county board proposes a major change in the specific objectives and outcome goals listed in the approved local proposal.

Sec. 85. Minnesota Statutes 1987 Supplement, section 245.479, is amended to read:

245.479 [COUNTY OF FINANCIAL RESPONSIBILITY.]

For purposes of ~~section 245.476~~ sections 245.461 to 245.486, the county of financial responsibility is ~~the same as that for community social services determined under section 256E.08, subdivision 7 256G.02, subdivision 4.~~ Disputes between counties regarding financial responsibility must be resolved by the commissioner in accordance with ~~section 256D.18, subdivision 4~~ 256G.09.

Sec. 86. Minnesota Statutes 1987 Supplement, section 245.482, subdivision 2, is amended to read:

Subd. 2. [PROGRAM REPORTS.] The commissioner shall develop a unified format for a ~~semiannual~~ an annual program report that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and section 256E.10. The county board shall submit a completed program report in the required format ~~no later than 75 days after each six-month period by March 15 of each year.~~

Sec. 87. Minnesota Statutes 1987 Supplement, section 245.696, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC DUTIES.] In addition to the powers and duties already conferred by law, the commissioner of human services shall:

(1) review and evaluate local programs and the performance of administrative and mental health personnel and make recommendations to county boards and program administrators;

(2) provide consultative staff service to communities and advocacy groups to assist in ascertaining local needs and in planning and establishing community mental health programs;

(3) employ qualified personnel to implement this chapter;

(4) as part of the biennial budget process, report to the legislature on staff use and staff performance, including in the report a description of duties performed by each person in the mental health division;

(5) adopt rules for minimum standards in community mental health services as directed by the legislature;

(6) cooperate with the commissioners of health and jobs and training to coordinate services and programs for people with mental illness;

(7) convene meetings with the commissioners of corrections, health, education, and commerce at least four times each year for the purpose of coordinating services and programs for children with mental illness and children with emotional or behavioral disorders;

(8) evaluate the needs of people with mental illness as they relate to assistance payments, medical benefits, nursing home care, and other state and federally funded services;

~~(8)~~ (9) provide data and other information, as requested, to the advisory council on mental health;

~~(9)~~ (10) develop and maintain a data collection system to provide information on the prevalence of mental illness, the need for specific mental health services and other services needed by people with mental illness, funding sources for those services, and the extent to which state and local areas are meeting the need for services;

~~(10)~~ (11) apply for grants and develop pilot programs to test and demonstrate new methods of assessing mental health needs and delivering mental health services;

~~(11)~~ (12) study alternative reimbursement systems and make waiver requests that are deemed necessary by the commissioner;

~~(12)~~ (13) provide technical assistance to county boards to improve fiscal management and accountability and quality of mental health services, and consult regularly with county boards, public and

private mental health agencies, and client advocacy organizations for purposes of implementing this chapter;

~~(13)~~ (14) promote coordination between the mental health system and other human service systems in the planning, funding, and delivery of services; entering into cooperative agreements with other state and local agencies for that purpose as deemed necessary by the commissioner;

(14) (15) conduct research regarding the relative effectiveness of mental health treatment methods as the commissioner deems appropriate, and for this purpose, enter treatment facilities, observe clients, and review records in a manner consistent with the Minnesota government data practices act, chapter 13; and

~~(15)~~ (16) enter into contracts and promulgate rules the commissioner deems necessary to carry out the purposes of this chapter.

Sec. 88. Minnesota Statutes 1987 Supplement, section 245.697, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The state advisory council on mental health shall:

(1) advise the governor, the legislature, and heads of state departments and agencies about policy, programs, and services affecting people with mental illness;

(2) advise the commissioner of human services on all phases of the development of mental health aspects of the biennial budget;

(3) advise the governor and the legislature about the development of innovative mechanisms for providing and financing services to people with mental illness;

(4) encourage state departments and other agencies to conduct needed research in the field of mental health;

(5) review recommendations of the subcommittee on children's mental health;

(6) educate the public about mental illness and the needs and potential of people with mental illness; and

~~(6)~~ (7) review and comment on all grants dealing with mental health and on the development and implementation of state and local mental health plans.

Sec. 89. Minnesota Statutes 1987 Supplement, section 245.697, is amended by adding a subdivision to read:

Subd. 2a. [SUBCOMMITTEE ON CHILDREN'S MENTAL HEALTH.] The state advisory council on mental health (the "advisory council") must have a subcommittee on children's mental health. The subcommittee must make recommendations to the advisory council on policies, laws, regulations, and services relating to children's mental health. Members of the subcommittee must include:

(1) the commissioners or designees of the commissioners of the departments of human services, health, education, and corrections;

(2) the commissioner of commerce or a designee of the commissioner who is knowledgeable about medical insurance issues;

(3) at least one representative of an advocacy group for children with mental illness;

(4) providers of children's mental health services, including at least one provider of services to preadolescent children, one provider of services to adolescents, and one hospital-based provider;

(5) parents of children who have mental illness or emotional or behavioral disorders;

(6) a present or former consumer of adolescent mental health services;

(7) educators experienced in working with emotionally disturbed children;

(8) people knowledgeable about the needs of emotionally disturbed children of minority races and cultures;

(9) people experienced in working with emotionally disturbed children who have committed status offenses;

(10) members of the advisory council; and

(11) county commissioners and social services agency representatives.

Subcommittee members described in clauses (3) to (11) shall be appointed by the chair of the advisory council through the process established in section 15.0597. The chair shall appoint members to ensure a geographical balance on the subcommittee. Terms, compensation, removal, and filling of vacancies are governed by subdivision 1, except that terms of subcommittee members who are also members of the advisory council are coterminous with their terms on the advisory council. The subcommittee shall meet at the call of the subcommittee chair, who shall be elected by the subcommittee

from among its members. The subcommittee expires with the expiration of the advisory council.

Sec. 90. [245.698] [CHILDREN'S MENTAL HEALTH SERVICE SYSTEM.]

The commissioner of human services shall create and ensure a unified, accountable, comprehensive children's mental health service system that:

(a) identifies children who are eligible for mental health services;

(b) makes preventive services available to a wide range of children, including those who are not eligible for more intensive services;

(c) assures access to a continuum of services that:

(1) educate the community about the mental health needs of children;

(2) address the unique physical, emotional, social, and educational needs of children;

(3) are coordinated with other social and human services provided to children and their families;

(4) are appropriate to the developmental needs of children; and

(5) are sensitive to cultural differences and special needs;

(d) includes early screening and prompt intervention in order to:

(1) identify and treat the mental health needs of children in the least restrictive setting appropriate to their needs; and

(2) prevent further deterioration;

(e) provides services to children and their families in the context in which the children live and go to school;

(f) addresses the unique problems of paying for mental health services for children, including:

(1) access to private insurance coverage; and

(2) public funding;

(g) to every extent possible, includes children and their families in planning the child's program of mental health services; and

(h) when necessary, assures a smooth transition to the adult services system.

For purposes of this section, "child" means a person under age 18.

The commissioner shall begin implementing the goals and objectives of this section by February 15, 1990, and shall fully implement the goals and objectives by February 15, 1992. By February 15, 1989, the commissioner shall present a report to the legislature outlining recommendations for full implementation. The report must include a timetable for implementing the recommendations and identify additional resources needed for full implementation. The report must be updated annually by February 15 of 1990, 1991, and 1992.

Sec. 91. Minnesota Statutes 1986, section 245.771, is amended by adding a subdivision to read:

Subd. 3. [EMPLOYMENT AND TRAINING PROGRAMS.] The commissioner of human services may contract with the commissioner of the department of jobs and training to implement and supervise employment and training programs for food stamp recipients that are required by federal regulations.

Sec. 92. Minnesota Statutes 1986, section 245.814, subdivision 1, is amended to read:

Subdivision 1. [INSURANCE FOR FOSTER PARENTS HOME PROVIDERS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to individuals licensed as foster parents home providers to cover their liability for:

(1) injuries or property damage caused or sustained by foster children persons in foster care in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child or natural parents or children of a foster adult.

Sec. 93. Minnesota Statutes 1986, section 245.814, subdivision 2, is amended to read:

Subd. 2. [APPLICATION OF COVERAGE.] Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner

of corrections pursuant to section 260.185, subdivision 1, clause (c)(5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the individual foster parents home provider, damage caused intentionally by a child person over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

Sec. 94. Minnesota Statutes 1986, section 245.814, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION PROVISIONS.] If the commissioner of human services is unable to obtain insurance through ordinary methods for coverage of foster ~~parents~~ home providers, the appropriation shall be returned to the general fund and the state shall pay claims subject to the following limitations.

(a) Compensation shall be provided only for injuries, damage, or actions set forth in subdivision 1.

(b) Compensation shall be subject to the conditions and exclusions set forth in subdivision 2.

(c) The state shall provide compensation for bodily injury, property damage, or personal injury resulting from the foster ~~parents~~ home providers activities as a foster ~~parent~~ home provider while the foster child or adult is in the care, custody, and control of the foster ~~parent~~ home provider in an amount not to exceed \$250,000 for each occurrence.

(d) The state shall provide compensation for damage or destruction of property caused or sustained by a foster child or adult in an amount not to exceed \$250 for each occurrence.

(e) The compensation in clauses (c) and (d) is the total obligation for all damages because of each occurrence regardless of the number of claims made in connection with the same occurrence, but compensation applies separately to each foster home. The state shall have no other responsibility to provide compensation for any injury or loss caused or sustained by any foster ~~parent~~ home provider or foster child or foster adult.

This coverage is extended as a benefit to foster ~~parents~~ home providers to encourage care of ~~children~~ persons who need out-of-home care. Nothing in this section shall be construed to mean that foster ~~parents~~ home providers are agents or employees of the state nor does the state accept any responsibility for the selection, monitoring, supervision, or control of foster ~~parents~~ home providers which is exclusively the responsibility of the counties which shall

regulate foster parents home providers in the manner set forth in the rules of the commissioner of human services.

Sec. 95. [245.827] [COMMUNITY INITIATIVES FOR CHILDREN.]

Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner of human services shall establish a demonstration program of grants for community initiatives for children. The goal of the program is to enlist the resources of a community to promote the healthy physical, educational, and emotional development of children who are living in poverty. Community initiatives for children accomplish the goal by offering support services that enable a family to provide the child with a nurturing home environment. The commissioner shall award grants to nonprofit organizations based on the criteria in subdivision 3.

Subd. 2. [DEFINITION.] "Community initiatives for children" are programs that promote the healthy development of children by increasing the stability of their home environment. They include support services such as child care, parenting education, respite activities for parents, counseling, recreation, and other services families may need to maintain a nurturing environment for their children. Community initiatives for children must be planned by members of the community who are concerned about the future of children.

Subd. 3. [CRITERIA.] In order to qualify for a community initiatives for children grant, a nonprofit organization must:

(1) involve members of the community and use community resources in planning and executing all aspects of the program;

(2) provide a central location that is accessible to low-income families and is available for informal as well as scheduled activities during the day and on evenings and weekends;

(3) provide a wide range of services to families living at or below the poverty level, including but not limited to, quality affordable child care and training in parental skills;

(4) demonstrate that the organization is using and coordinating existing resources of the community;

(5) demonstrate that the organization has applied to private foundations for funding;

(6) ensure that services are focused on development of the whole child; and

(7) have a governing structure that includes consumer families and members of the community.

Subd. 4. [COVERED EXPENSES.] Grants awarded under this section may be used for the capital costs of establishing or improving a program that meets the criteria listed in subdivision 3. Capital costs include land and building acquisition, planning, site preparation, design fees, rehabilitation, construction, and equipment costs.

Subd. 5. [GRANT AWARD.] The commissioner shall award two demonstration grants under this section. The amount of the grant may not exceed the lesser of \$200,000 or 50 percent of capital costs incurred within a two-year period.

Sec. 96. Minnesota Statutes 1986, section 245.83, is amended to read:

245.83 [CHILD CARE SERVICES; DEFINITIONS.]

Subdivision 1. As used in sections 245.83 to 245.87 ~~245.858~~ the words defined in this section shall have the meanings given them.

Subd. 2. [CHILD CARE SERVICES.] "Child care services" means child care provided in family day care homes, group day care centers, homes, nursery schools, day nurseries, child day care centers, play groups, head start and parent cooperatives; as defined by rules of the commissioner, and in-home child care as defined in the Minnesota plan for social services to families and children.

Subd. 3. [CHILD.] "Child" means ~~any~~ a person ~~14~~ 12 years of age old or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

Subd. 3a. [CHILD CARE.] "Child care" means the care of a child by someone other than a parent or legal guardian outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

Subd. 3b. [CHILD CARE WORKER.] "Child care worker" means a person who cares for children for compensation, including a licensed provider of child care services, an employee of a provider and a person who has applied for a license as a provider.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 4a. [FACILITY IMPROVEMENT EXPENSES.] "Facility improvement expenses" means building improvements, equipment, toys, and supplies needed to establish, expand, or improve a licensed child care facility.

Subd. 5. [INTERIM FINANCING.] "Interim financing" means funds to carry out such activities as are necessary for family day care homes, group family day care homes and ~~cooperative~~ child care centers to receive and maintain state licensing, to expand an existing program or to improve program quality and to provide operating funds for a period of six consecutive months following receipt of state licensing by a family day care home, group family day care home, or ~~cooperative~~ child care center. Interim financing may not exceed a period of 18 months.

Subd. 6. [RESOURCE AND REFERRAL PROGRAM.] "Resource and referral program" means a program that provides information to parents, including referrals and coordination of community child care resources for parents and public or private providers of care. Services may include parent education, technical assistance for providers, staff development programs, and referrals to social services.

Subd. 7. [STAFF TRAINING EXPENSES.] "Staff training expenses" include the cost to a child care worker of tuition, transportation, required materials and supplies, and wages for a substitute while the child care worker is engaged in a training program.

Subd. 8. [TRAINING PROGRAM.] "Training program" means child development courses offered by an accredited post-secondary institution; or similar training approved by a county board or the department of human services. To qualify as a training program under this section, a course of study must teach specific skills that a child care worker needs to meet licensing requirements.

Sec. 97. [245.833] [DUTIES OF COMMISSIONER.]

In addition to the powers and duties already conferred by law, the commissioner of human services shall:

(1) survey and report on all components of the child care system including, but not limited to: availability of licensed child care slots; numbers of children in various kinds of child care settings; staff wages, rate of staff turnover, and qualifications of child care workers; cost of child care by type of service and ages of children; and child care availability through school systems;

(2) study the existing public and private funding sources for child care services and the development of child care services, including the AFDC special needs program, the sliding fee child care program, the maternal and child nutrition program, county funding, Title XX funding, and private foundation, corporate, community social services act, or nonprofit funding to child care services providers and parents. The study shall determine the extent to which:

(i) individual funding sources meet existing needs and what level of funding comes from each source;

(ii) the need for subsidized child care services for low-income parents is being met;

(iii) present funding mechanisms are efficient or can be made more efficient;

(iv) alternative or improved methods may encourage private funding for child care services;

(v) the funding level has an impact on availability of child care facilities; and

(vi) child care reimbursement rates are meeting actual costs for quality child care.

The commissioner shall report the results of the study, together with any proposed legislation to implement study recommendations, to the legislature by January 1, 1990;

(3) survey and report on the extent to which existing child care services fulfill the need for child care, giving particular attention to the need for part-time care and for care of infants, sick children, children with special needs, and low-income children;

(4) by September 1, 1990, and by September 1 of each even-numbered year thereafter, survey and report to the legislature on clauses (1) and (3);

(5) administer the child care fund, including the sliding fee program, authorized under section 268.91; and

(6) monitor the child care resource and referral programs established under section 268.911.

Sec. 98. [245.836] [GRANTS FOR CHILD CARE SERVICES.]

Subdivision 1. [GRANTS ESTABLISHED.] The commissioner shall award grants to develop child care services, including facility improvement expenses, interim financing, resource and referral programs, and staff training expenses. The commissioner shall develop a grant application form, distribute forms to regional grant review committees established under subdivision 2, inform county social service agencies about the availability of child care services grants, and set a date by which applications must be received by the commissioner.

Subd. 2. [DISTRIBUTION OF FUNDS.] The commissioner shall distribute money appropriated for child care services among the 12 development regions designated by the governor under section 462.385, in proportion to the ratio of the number of children to the number of licensed child care slots available in each region. Out of the amount allocated for each development region, the commissioner shall award grants based on the advice of the regional grant review committee. In addition, the commissioner shall:

(1) award no less than 45 percent of the money to day care facilities for the purpose of facility improvement expenses or interim financing and no less than 45 percent to child care workers for staff training expenses; and

(2) redistribute funds not awarded by January 1, 1989, without regard to the distribution formula in this subdivision.

Subd. 3. [REGIONAL GRANT REVIEW ADVISORY TASK FORCES.] In each development region, the commissioner shall appoint a person to chair a child care grant review advisory task force. In each development region with a regional development commission, except for region 11, the commission shall appoint a child care grant review advisory task force under section 462.394. In region 11 the commissioner shall appoint one or more advisory task forces to review grant applications. In each region with no regional development commission, each county board shall designate a representative to a regional child care grant review advisory task force. Members appointed under this subdivision must be parents of children in child care, providers of child care, or citizens with a demonstrated interest in child care issues. Regional grant review advisory task forces shall review and make recommendations to the commissioner on applications for grants under this section. Task force members may be reimbursed for expenses in accordance with section 15.059, subdivision 6, for up to six meetings per year. The advisory task force shall not expire but shall otherwise be governed by section 15.059. In regions where no regional development commission exists, the commissioner may designate a public or private entity to act as fiscal agent. The commissioner may pay the expenses of the child care grant review advisory task force directly or through an agent. Regional task forces shall complete their reviews and forward their recommendations to the commissioner by the date set under subdivision 1.

Subd. 4. [FUNDING PRIORITIES; FACILITY IMPROVEMENT AND INTERIM FINANCING.] In evaluating applications for funding and making recommendations to the commissioner, the regional grant review committees shall give priority to:

(1) new programs or projects, or the expansion or enrichment of existing programs or projects;

(2) programs or projects in areas where a demonstrated need for child care facilities has been shown, with special emphasis on programs or projects in areas where there is a shortage of licensed child care;

(3) programs and projects that serve sick children, infants, children with special needs, and children from low-income families; and

(4) unlicensed providers who wish to become licensed.

Subd. 5. [FUNDING PRIORITIES; TRAINING GRANTS.] In evaluating applications for training grants and making recommendations to the commissioner, the regional grant review committees shall give priority to:

(1) applicants who will be working in facilities caring for sick children, infants, children with special needs, and children from low-income families;

(2) applicants who will be working in areas that are now unserved or underserved; and

(3) unlicensed providers who wish to become licensed.

Sec. 99. Minnesota Statutes 1986, section 245.84, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county board is authorized to provide child care services, to make grants from the community social service fund, special tax revenue, its general fund, or other sources to any municipality, corporation or combination thereof for the cost of providing technical assistance and child care services, or to contract for services with any licensed day care facility, as the board deems necessary or proper to carry out the purposes of sections 245.83 to 245.87.

The board is further authorized to make grants to or contract with any municipality, ~~incorporated~~ licensed child care facility or resource and referral program, or corporation or combination thereof for any of the following purposes:

(a) For creating new licensed day care facilities and expanding existing facilities including, but not limited to, supplies, equipment, and facility renovation and remodeling;

(b) For improving licensed day care facility programs, including, but not limited to, staff specialists, staff training, supplies, equipment, and facility renovation and remodeling. In awarding grants for training, counties must give priority to child care workers caring

for infants, toddlers, sick children, children in low-income families, and children with special needs;

(c) For supportive child development services including, but not limited to, in-service training, curriculum development, consulting specialist, resource centers, and program and resource materials;

(d) For carrying out programs including, but not limited to, staff, supplies, equipment, facility renovation, and training;

(e) For interim financing; and

(f) For carrying out the resource and referral program services identified in section 268.911, subdivision 3.

Sec. 100. [245.852] [CHILD CARE INFORMATION NUMBER.]

By January 1, 1989, the council on children, youth, and families shall study and report to the legislature on the need for and the feasibility of a toll-free number to provide information and technical assistance to parents, child care providers, and potential child care providers. The study shall include an assessment of need, cost, and potential impact.

Sec. 101. [245.856] [INTERAGENCY ADVISORY COMMITTEE ON CHILD CARE.]

Subdivision 1. [MEMBERSHIP.] By July 1, 1988, the director of the state planning agency shall convene and chair an interagency advisory committee on child care. Members of the committee, in addition to the director, are the commissioners, or a designee of the commissioner, of each of the following agencies: health, human services, jobs and training, public safety, and education. The purpose of the committee is to improve the quality and quantity of child care in the state.

Subd. 2. [DUTIES.] The committee shall advise its member agencies on matters related to child care policy and planning. Specifically, the committee shall:

(1) develop a consistent policy on issues related to child care;

(2) advise the member agencies on implementing policies and developing rules that are consistent with the committee's policy on child care;

(3) monitor and advise on state efforts to increase the supply and improve the quality of child care facilities and options; and

(4) perform other advisory tasks related to improving child care options throughout the state.

Subd. 3. [MEETINGS.] The committee shall meet at least quarterly, and as often as necessary, to perform its duties.

Sec. 102. Minnesota Statutes 1987 Supplement, section 245A.09, is amended by adding a subdivision to read:

Subd. 8. [EXEMPTION.] A facility in a rural area that has been licensed as a family or group family day care under Minnesota Rules, parts 9502.0315 to 9502.0445 is exempt from the requirement that family and group family day care must be provided in a residence that is occupied as a home.

Sec. 103. Minnesota Statutes 1986, section 246.023, subdivision 1, is amended to read:

Subdivision 1. [LEGISLATIVE POLICY.] It is recognized that closure and consolidation of state hospitals regional treatment centers have negative economic effects upon public employees and communities. It is the policy of the state that deinstitutionalization policies shall be carried out in a manner that ensures fair and equitable arrangements to protect the interests of employees and communities affected by deinstitutionalization of state hospitals.

Sec. 104. [246.024] [FARIBAULT REGIONAL CENTER.]

Subdivision 1. [STATEMENT OF NEED.] The legislature recognizes the need to provide services to disabled people throughout the state. The legislature further recognizes that the staff at Faribault regional center are highly trained in a variety of disciplines, and that the state's responsibility to ensure quality health care and educational services can be enhanced by using the Faribault regional center for new and expanded services consistent with the overall health care policy for Minnesota.

Subd. 2. [TASK FORCE.] The director of the state planning agency shall appoint a 13-member task force to develop a plan to expand the use of the Faribault regional center. The task force shall include four community representatives and one representative from each of the following entities: Faribault regional center, Faribault Technical Institute, Faribault public schools, Academies for the Deaf and Blind, Wilson Center, Rice county, city of Faribault, Rice County District No. 1 Hospital, and the department of human services.

Subd. 3. [DUTIES OF DIRECTOR.] The director of the state planning agency shall provide a grant for a Faribault community task force to develop a plan for the future use of Faribault regional

center. The plan must assess the feasibility of providing educational services, nonresidential services, and care to a number of populations including, but not limited to, adolescents, veterans, and people who have developmental disabilities, chemical dependency, mental illness, or communicable diseases.

Subd. 4. [REPORT.] The Faribault community task force must report the plan to the chairs of the health and human services committees of the house and senate by November 1, 1988. The report must include a list of recommended services to be provided at Faribault regional center and must evaluate each recommendation.

Sec. 105. Minnesota Statutes 1986, section 248.07, subdivision 7, is amended to read:

Subd. 7. [BLIND, VENDING STANDS AND MACHINES ON GOVERNMENTAL PROPERTY.] Notwithstanding any other law, for the rehabilitation of blind persons the commissioner shall have exclusive authority to establish and to operate vending stands and vending machines in all buildings and properties owned or rented exclusively by the state university and community college systems and by any department or agency of the state of Minnesota except the department of natural resources properties operated directly by the division of state parks and not subject to private leasing. The merchandise to be dispensed by such vending stands and machines may include soft drinks, (except 3.2 beer), milk, food, candies, tobacco, souvenirs, notions and related items. Such vending stands and vending machines herein authorized shall be operated on the same basis as other vending stands for the blind established and supervised by the commissioner under federal law. The commissioner ~~may~~ shall waive this authority to displace any present private individual concessionaire operating under a contract with a specific renewal or termination date, until such renewal or termination date, in any state-owned or rented building or property. With the consent of the governing body of a governmental subdivision of the state, the commissioner may establish and supervise vending stands and vending machines for the blind in any building or property exclusively owned or rented by the governmental subdivision.

Sec. 106. Minnesota Statutes 1987 Supplement, section 248.07, subdivision 8, is amended to read:

Subd. 8. [USE OF REVOLVING FUND, LICENSES FOR OPERATION OF VENDING MACHINES.] The revolving fund created by Laws 1947, chapter 535, section 5, is continued as provided in this subdivision and shall be known as the revolving fund for vocational rehabilitation of the blind. It shall be used for the purchase of equipment and supplies for establishing and operating of vending stands by blind persons. All income, receipts, earnings, and federal grants due to the operation thereof shall also be paid into the fund. All interest earned on money accrued in the fund must be credited to

the fund by the state treasurer. All equipment, supplies, and expenses for setting up these stands shall be paid for from the fund. Authority is hereby given to the commissioner to use the money available in the revolving fund which originated as operational charges to individuals licensed under this subdivision for the establishment, operation, and supervision of vending stands by blind persons for the following purposes: (1) purchase, upkeep and replacement of equipment; (2) ~~purchase of initial and replacement stock of supplies and merchandise;~~ (3) expenses incidental to the setting up of new stands and improvement of old stands; (4) ~~purchase of general liability insurance as deemed advisable for any vending stand by the commissioner;~~ (5) (3) reimbursement under section 15.059 to individual blind vending operators for reasonable travel and maintenance expenses incurred in attending supervisory meetings as called by the commissioner and other expenditures for management services consistent with federal law; (6) and (4) purchase of fringe benefits for blind vending operators and their employees such as group health insurance, retirement program, vacation or sick leave assistance provided that the purchase of any fringe benefit is approved by a majority vote of blind vending operators licensed pursuant to this subdivision after the commissioner provides to each blind vending operator information on all matters relevant to the fringe benefits. Fringe benefits shall be paid only from assessments of operators for specific benefits, gifts to the fund for fringe benefit purposes, and vending income which is not assignable to an individual stand.

Money originally deposited as merchandise and supplies repayments by individuals licensed under this subdivision may be expended for initial and replacement stocks of supplies and merchandise. Moneys originally deposited from vending income on federal property shall be expended consistent with federal law.

All other deposits may be used for the purchase of general liability insurance or any other expense related to the operation and supervision of vending stands.

The commissioner shall issue each license for the operation of a vending stand or vending machine for an indefinite period but may terminate any license in the manner provided. In granting licenses for new or vacated stands preference on the basis of seniority of experience in operating stands under the control of the commissioner shall be given to capable operators who are deemed competent to handle the enterprise under consideration. Application of this preference shall not prohibit the commissioner from selecting an operator from the community in which the stand is located.

Sec. 107. Minnesota Statutes 1986, section 248.07, subdivision 12, is amended to read:

Subd. 12. [REIMBURSEMENT OUT OF STATE DISTRIBUTION

OF BRAILLE AND SPECIAL MATERIALS.] The commissioner shall obtain reimbursement from other states for the estimated cost of providing radio signals, programming, and radio receivers for the blind and for production and handling of Braille books, audio tapes, and related services for the blind distributed by the department of jobs and training to users in such other states and may contract with the appropriate authorities of such states to effect such reimbursement. All money received hereunder shall be paid to the state treasurer and placed in the general fund subject to section 268.0121, subdivision 5.

Sec. 108. [252.035] [STATE-OPERATED, COMMUNITY-BASED RESIDENTIAL PROGRAMS.]

Subdivision 1. [RESIDENTIAL PROGRAMS ESTABLISHED.] The commissioner may establish a system of noninstitutional, state-operated, community-based residential services for persons with mental retardation or related conditions. For purposes of this section, "state-operated, community-based residential facility" means a residential program administered by the state to provide treatment and habilitation in noninstitutional community settings to persons with mental retardation or related conditions. Employees of the facilities must be state employees under chapters 43A and 179A. The establishment of state-operated, community-based residential facilities must be within the context of a comprehensive definition of the role of state-operated services in the state. The role of state-operated services must be defined within the context of a comprehensive system of services for persons with mental retardation and related conditions. Services may include, but are not limited to, community group homes, foster care, supportive living arrangements, and respite care arrangements. The commissioner may operate the pilot projects established under Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 6, and may, within the limits of available appropriations, establish additional state-operated, community-based services for regional treatment center residents who are persons with mental retardation. Day program services for clients living in state-operated, community-based residential facilities must not be provided by a regional treatment center or a state-operated, community-based program.

Subd. 2. [AUTHORIZATION TO BUILD OR PURCHASE.] Within the limits of available appropriations, the commissioner may build, purchase or lease suitable buildings for state-operated, community-based residential facilities. Facilities must be homelike and adaptable to the needs of persons with mental retardation or related conditions.

Subd. 3. [ALTERNATIVE FUNDING MECHANISMS.] To the extent possible, the commissioner may amend the medical assistance home and community-based waiver and, as appropriate,

develop special waiver procedures for targeting services to persons currently in state regional centers.

Subd. 4. [COUNTIES.] State-operated, community-based residential facilities may be developed in conjunction with existing county responsibilities and authorities for persons with mental retardation. Assessment, placement, screening, case management responsibilities, and determination of need procedures must be consistent with county responsibilities established under law and rule. Counties may enter into shared service agreements with state-operated programs.

Sec. 109. [252.045] [REGIONAL CENTER AND COMMUNITY-BASED FACILITY EMPLOYEES.]

In accordance with section 43A.21, the commissioner shall develop procedures to assure that:

(1) there are workers employed at state regional centers and nursing homes who are skilled in the treatment of persons with severe and profound mental retardation or related conditions, behavioral problems, and medical needs, to facilitate adjustment to community living;

(2) suitable training programs exist for regional treatment center and state-operated, community-based residential facility staff; and

(3) state employees under the jurisdiction of the commissioner who are included in a position reduction plan have the option of transferring to a community-based program; to a similar, comparable classification in another regional center setting; or to a position in another state agency.

Sec. 110. Minnesota Statutes 1986, section 252.291, subdivision 1, is amended to read:

Subdivision 1. [MORATORIUM.] Notwithstanding section 252.28, subdivision 1, or any other law or rule to the contrary, the commissioner of human services shall deny any request for a determination of need and refuse to grant a license pursuant to section 245.782 for any new intermediate care facility for persons with mental retardation or related conditions or for an increase in the licensed capacity of an existing facility except as provided in this subdivision and subdivision 2. In no event shall The total number of certified intermediate care beds for persons with mental retardation or related conditions in community facilities and state hospitals shall not exceed 7,500 beds as of July 1, 1983, and 7,000 beds as of July 1, 1986 except that, to the extent that federal authorities disapprove any applications of the commissioner for home and community-based waivers under United States Code, title 42, section 1396n, as

amended through December 31, 1987, the commissioner may authorize new intermediate care beds, as necessary, to serve persons with mental retardation or related conditions who would otherwise have been served under a proposed waiver. "Certified bed" means an intermediate care bed for persons with mental retardation or related conditions certified by the commissioner of health for the purposes of the medical assistance program under United States Code, title 42, sections 1396 to 1396p, as amended through December 31, 1982 1987.

Sec. 111. Minnesota Statutes 1986, section 252.291, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] The commissioner of human services in coordination with the commissioner of health may approve a new newly constructed or newly established publicly or privately operated community intermediate care facility for six or fewer persons with mental retardation or related conditions only in when the following circumstances exist:

(a) when the facility is developed in accordance with a request for proposal system established pursuant to subdivision 3, clause (b) approved by the commissioner of human services;

(b) when the facility is necessary to serve the needs of identifiable identified persons with mental retardation or related conditions who are seriously behaviorally disordered or who are seriously physically or sensorily impaired. At least 50 percent of the capacity of the facility must be used for persons coming from regional treatment centers; or and

(c) to license beds in new facilities where need was determined by the commissioner prior to June 10, 1983 when the commissioner determines that the need for increased service capacity cannot be met by the use of alternative resources or the modification of existing facilities.

In the biennium ending on June 30, 1989, the commissioner shall not authorize or approve more than 150 newly constructed or newly established intermediate care beds for persons with mental retardation or related conditions under this subdivision.

One-half of the first 70 newly constructed or newly established intermediate care beds for persons with mental retardation or related conditions approved by the commissioner under this subdivision in the biennium ending June 30, 1989, shall be state-operated community intermediate care beds for persons with mental retardation or related conditions. Funds appropriated to operate and expand state-operated community-based programs pilot projects pursuant to Laws 1987, chapter 403, article 1, section 2, subdivision

9, may be used to establish state-operated community intermediate care beds for persons with mental retardation or related conditions.

Sec. 112. Minnesota Statutes 1987 Supplement, section 252.291, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF COMMISSIONER OF HUMAN SERVICES.] The commissioner shall:

(a) establish standard admission criteria for state hospitals and county utilization targets to limit and reduce the number of intermediate care beds in state hospitals and community facilities in accordance with approved waivers under United States Code, title 42, sections 1396 to 1396p, as amended through December 31, 1982 1987, to assure that appropriate services are provided in the least restrictive setting;

(b) define services, including respite care, that may be needed in meeting individual service plan objectives;

(c) provide technical assistance so that county boards may establish a request for proposal system for meeting individual service plan objectives through home and community-based services; alternative community services; or, if no other alternative will meet the needs of identifiable individuals for whom the county is financially responsible, a new intermediate care facility for persons with mental retardation or related conditions;

(d) establish a client tracking and evaluation system as required under applicable federal waiver regulations, Code of Federal Regulations, title 42, sections 431, 435, 440, and 441, as amended through December 31, 1982 1987; and

(e) develop a state plan for the delivery and funding of residential day and support services to persons with mental retardation or related conditions in Minnesota and submit that plan to the clerk of each house of the Minnesota legislature on or before the 15th of January of each biennium beginning January 15, 1985. The biennial mental retardation plan shall include but not be limited to:

(1) county by county maximum intermediate care bed utilization quotas;

(2) plans for the development of the number and types of services alternative to intermediate care beds;

(3) procedures for the administration and management of the plan;

(4) procedures for the evaluation of the implementation of the plan; and

(5) the number, type, and location of intermediate care beds targeted for decertification.

The commissioner shall modify the plan to ensure conformance with the medical assistance home and community-based services waiver.

Sec. 113. Minnesota Statutes 1987 Supplement, section 252.46, subdivision 5, is amended to read:

Subd. 5. [SUBMITTING RECOMMENDED RATES.] The county board shall submit recommended payment rates to the commissioner on forms supplied by the commissioner by November 1, 1987, and at least 60 days before revised payment rates or payment rates for new vendors are to be effective. The forms must require the county board's written verification of the individual documentation required under section 252.44, clause (a). If the number of days of service provided by a licensed vendor are projected to increase, the county board must recommend payment rates based on the projected increased days of attendance and resulting lower per unit fixed costs. Recommended increases in payment rates for vendors whose approved payment rates are 15 or more than 15 percent below the statewide median payment rates must be equal to the maximum increases allowed for that vendor under subdivision 3. If a vendor provides services at more than one licensed site, the county board may recommend the same payment rates for each site based on the average rate for all sites. The county board may also recommend differing payment rates for each licensed site if it would result in a total annual payment to the vendor that is equal to or less than the total annual payment that would result if the average rates had been used for all sites. For purposes of this subdivision, the average payment rate for all service sites used by a vendor must be computed by adding the amounts that result when the payment rates for each licensed site are multiplied by the projected annual number of service units to be provided at that site and dividing the sum of those amounts by the total units of service to be provided by the vendor at all sites.

Sec. 114. Minnesota Statutes 1987 Supplement, section 252.46, subdivision 6, is amended to read:

Subd. 6. [VARIANCES.] A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request with the recommended payment rates. A variance can be utilized for costs associated with compliance with state administrative rules, compliance with court orders, increased insurance costs, start-up and

conversion costs for supported employment, direct service staff salaries, and transportation. The county board shall review all vendors' payment rates that are 20 15 or more than 15 percent lower than the average rates for the regional development commission district to which the county belongs statewide median payment rates. If the county determines that the payment rates do not provide sufficient revenue to the vendor for authorized service delivery the county must recommend a variance under this section. This review must occur prior to November 1, 1987. When the county board contracts for increased services from any vendor for some or all individuals receiving services from the vendor, the county board shall review the vendor's payment rates to determine whether the increase requires that a variance to the minimum rates be recommended under this section to reflect the vendor's lower per unit fixed costs. The written variance request must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates to change the number of direct service staff or the level of qualifications of the staff.

(2) The proposed changes are required for the vendor to deliver authorized individual services in an effective and efficient manner.

(3) The proposed changes are necessary to demonstrate compliance with minimum licensing standards governing minimum staffing ratios and staff qualifications.

(4) The vendor documents that the change in staff numbers or qualifications changes cannot be achieved by reallocating current staff or by reallocating financial resources to provide or purchase the necessary services.

(5) The county board submits evidence that the need for additional staff cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(6) The county board submits a description of the nature and cost of the proposed changes, and how the county will monitor the use of funds by the vendor to make necessary changes in services. Allowable costs are limited to salaries, related fringe benefits, and payroll taxes.

(7) The county board's recommended payment rates do not exceed 125 percent of the average current calendar year's statewide median payment rates in the regional development commission district in which the vendor is located.

Sec. 115. Minnesota Statutes 1987 Supplement, section 252.46, is amended by adding a subdivision to read:

Subd. 13. [REVIEW AND REVISION OF PROCEDURES FOR RATE EXCEPTIONS FOR VERY DEPENDENT PERSONS WITH SPECIAL NEEDS.] The commissioner shall review the procedures established in Minnesota Rules, parts 9510.1020 to 9510.1140, that counties must follow to seek authorization for a medical assistance rate exception for services for very dependent persons with special needs. The commissioner shall appoint an advisory task force to work with the commissioner. Members of the task force must include vendors, providers, advocates, and consumers. After considering the recommendations of the advisory task force and county rate setting procedures developed under this section, the commissioner shall:

- (1) revise administrative procedures as necessary;
- (2) implement new review procedures for county applications for medical assistance rate exceptions for services for very dependent persons with special needs in a manner that accounts for services available to the person within the approved payment rates of the vendor;
- (3) provide training and technical assistance to vendors, providers, and counties in use of procedures governing medical assistance rate exceptions for very dependent persons with special needs and in county rate setting procedures established under this subdivision; and
- (4) develop a strategy and implementation plan for uniform data collection for use in establishing equitable payment rates and medical assistance rate exceptions for services provided by vendors.

Sec. 116. Minnesota Statutes 1987 Supplement, section 252.46, is amended by adding a subdivision to read:

Subd. 14. [PILOT STUDY.] The commissioner may initiate a pilot payment rate system under section 252.47. The pilot project may establish training and demonstration sites. The pilot payment rate system must include actual transfers of funds, not simulated transfers. The pilot payment rate system may involve up to four counties and four vendors. Participation in the pilot project is voluntary. Selection of participants by the commissioner is based on the vendor's submission of a complete application form provided by the commissioner. The application must include letters of agreement from the host county, counties of financial responsibility, and residential service providers. Implementation of the pilot payment rate system is contingent upon federal approval and systems feasibility.

Sec. 117. Minnesota Statutes 1987 Supplement, section 253B.03, subdivision 6, is amended to read:

Subd. 6. [CONSENT FOR MEDICAL PROCEDURE.] A patient has the right to prior consent to any medical or surgical treatment, other than the treatment of mental illness or chemical dependency. A patient with mental retardation or the patient's guardian or conservator has the right to give or withhold consent before:

(1) the implementation of any aversive or deprivation procedure except for emergency procedures permitted in rules of the commissioner adopted under section 245.825; or

(2) the administration of psychotropic medication.

The following procedures shall be used to obtain consent for any treatment necessary to preserve the life or health of any committed patient:

(a) The written, informed consent of a competent adult patient for the treatment is sufficient.

(b) If the patient is subject to guardianship or conservatorship which includes the provision of medical care, the written, informed consent of the guardian or conservator for the treatment is sufficient.

(c) If the head of the treatment facility determines that the patient is not competent to consent to the treatment and the patient has not been adjudicated incompetent, written, informed consent for the surgery or medical treatment shall be obtained from the nearest proper relative. For this purpose, the following persons are proper relatives, in the order listed: the patient's spouse, parent, adult child, or adult sibling. If the nearest proper relatives cannot be located or refuse to consent to the procedure, the head of the treatment facility or an interested person may petition the committing court for approval for the treatment or may petition ~~an~~ appropriate a court of competent jurisdiction for the appointment of a guardian or conservator. The determination that the patient is not competent, and the reasons for the determination, shall be documented in the patient's clinical record.

(d) Consent to treatment of any minor patient shall be secured in accordance with sections 144.341 to 144.346, except that a minor 16 years of age or older may give valid consent for hospitalization, routine diagnostic evaluation, and emergency or short-term acute care.

(e) In the case of an emergency and when the persons ordinarily

qualified to give consent cannot be located, the head of the treatment facility may give consent.

(f) A competent patient with mental illness or the patient's guardian or conservator has the right to give or withhold consent before the administration of neuroleptic medication.

(g) If the head of a regional treatment center determines that a patient is not competent to consent to neuroleptic medication and the patient has no guardian or conservator and does not object to medication, written, informed consent must be obtained from the nearest proper relative in the order listed in paragraph (c) and from a multidisciplinary treatment review panel composed of persons employed by the treatment facility who are not engaged in the provision of direct care to the patient. The determination that the patient is not competent, and the reasons for the determination, must be documented in the patient's clinical record. If the patient objects or if written, informed consent is not obtained from both the nearest proper relative and the treatment review panel, the head of the treatment facility or an interested person may petition a court of competent jurisdiction for approval of the neuroleptic medication or for the appointment of a guardian or conservator.

No person who consents to treatment pursuant to the provisions of this subdivision shall be civilly or criminally liable for the performance or the manner of performing the treatment. No person shall be liable for performing treatment without consent if written, informed consent was given pursuant to this subdivision. This provision shall not affect any other liability which may result from the manner in which the treatment is performed.

Sec. 118. Minnesota Statutes 1987 Supplement, section 256.015, subdivision 2, is amended to read:

Subd. 2. [PERFECTION; ENFORCEMENT.] The state agency may perfect and enforce its lien under sections 514.69, 514.70, and 514.71, and must file the verified lien statement with the appropriate court administrator in the county of financial responsibility. The verified lien statement must contain the following: the name and address of the person to whom medical care, subsistence, or other payment was furnished; the date of injury; the name and address of vendors furnishing medical care; the dates of the service or payment; the amount claimed to be due for the care or payment; and to the best of the state agency's knowledge, the names and addresses of all persons, firms, or corporations claimed to be liable for damages arising from the injuries.

This section does not affect the priority of any attorney's lien. The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is received by it under subdivision 4, paragraph (c), or one year from

the date medical bills are first paid by the state agency, whichever is later, to file its verified lien statement. The state agency may commence an action to enforce the lien within one year of (1) the date the notice required by subdivision 4, paragraph (c), is received, or (2) the date the person's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later.

Sec. 119. [256.016] [PLAIN LANGUAGE IN WRITTEN MATERIALS.]

(a) To the extent feasible and consistent with the goal of providing easily understandable and readable materials, all written materials relating to services and determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under a program administered or supervised by the commissioner of human services must be understandable to a person who reads at the seventh-grade level, using the Flesch scale analysis readability score as determined under section 72C.09.

(b) All written materials relating to determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under programs administered or supervised by the commissioner of human services must satisfy the plain language requirements of the plain language contract act under sections 325G.29 to 325G.36. Materials may be submitted to the attorney general for review and certification. Notwithstanding section 325G.35, subdivision 1, the attorney general shall review submitted materials to determine whether they comply with the requirements of section 325G.31. The remedies available pursuant to sections 8.31 and 325G.33 to 325G.36 do not apply to these materials. Failure to comply with this section shall not prevent the operation of public assistance laws that are not the subject of the noncomplying materials.

(c) The requirements of this section apply to all materials modified or developed by the commissioner on or after July 1, 1988. The requirements of this section do not apply to materials that must be submitted to a federal agency for approval, to the extent that application of the requirements prevents federal approval.

Sec. 120. Minnesota Statutes 1986, section 256.73, subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] Ownership by an assistance unit of property as follows is a bar to any allowance under sections 256.72 to 256.87:

(1) The value of real property other than the homestead, which when combined with other assets exceeds the limits of paragraph (2), unless the assistance unit is making a good faith effort to sell the nonexcludable real property. The time period for disposal must not

exceed nine months and the assistance unit shall execute an agreement to dispose of the property to repay assistance received during the nine months up to the amount of the net sale proceeds. The payment must be made when the property is sold. If the property is not sold within the required time or the assistance unit becomes ineligible for any reason the entire amount received during the nine months is an overpayment and subject to recovery. For the purposes of this section "homestead" means the house home owned and occupied by the child, relative or other member of the assistance unit as a dwelling place, together with the land upon which it is situated in an area no greater than two contiguous lots in a platted or laid out city or town or all contiguous acres in rural areas surrounding property which is not separated from the home by intervening property owned by others. Public rights-of-way, such as roads which run through the surrounding property and separate it from the home, will not affect the exemption of the property; or

(2) Personal property of an equity value in excess of \$1,000 for the entire assistance unit, exclusive of personal property used as the home, one motor vehicle of an equity value not exceeding \$1,500, except that the entire equity value of a motor vehicle determined to be necessary for the operation of a self-employment business is excluded, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

Sec. 121. Minnesota Statutes 1986, section 256.73, subdivision 6, is amended to read:

Subd. 6. [REPORTS BY RECIPIENT.] (a) An assistance unit with a recent work history or with earned income shall report monthly to the local agency on income received and other circumstances affecting eligibility or assistance amounts. All other assistance units shall report on income and other circumstances affecting eligibility and assistance amounts at less frequent intervals, as specified by the state agency. All income not specifically disregarded by the Social Security Act, the Code of Federal Regulations, or state law and rules, shall be income applicable to the budgetary needs of the family. If any amount of aid to families with dependent children assistance is paid to a recipient thereof in excess of the payment due it shall be recoverable by the local agency. The agency shall give written notice to the recipient of its intention to recover the overpayment. Overpayments to a current assistance unit shall be recovered either through repayment by the individual in part or in full or by reducing the amount of aid payable to the assistance unit of which the individual is a member. For any month in which an overpayment must be recovered, recoupment may be made by

reducing the grant but only if the reduced assistance payment, together with the assistance unit's liquid assets and total income after deducting actual work expenses equals at least 95 percent of the standard of need for the assistance unit, except that if the overpayment is due solely to agency error, this total after deducting actual work expenses shall equal at least 99 percent of the standard of need. In cases when there is both an overpayment and underpayment the local agency shall offset one against the other in correcting the payment. The local agency shall make reasonable efforts to recover overpayments made to persons no longer on assistance in accordance with standards established by the commissioner of human services. The local agency need not attempt to recover overpayments of less than \$35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of fraud under section 256.98. The recipient may appeal the agency's determination that an overpayment has occurred in accordance with section 256.045. The county agency shall promptly repay the recipient for any underpayment and shall disregard that payment when determining the assistance unit's income and resources in the month when the payment is made and the following month.

(b) An assistance unit required to submit a report on the form designated by the commissioner is considered to have continued its application for assistance effective the date the required report is received by the local agency, if a complete report is received within a calendar month after the month in which assistance was received, except that no assistance shall be paid for the period beginning with the end of the month in which the report was due and ending with the date the report was received by the local agency.

Sec. 122. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

Subd. 8. [RECOVERY OF OVERPAYMENTS.] If any amount of aid to families with dependent children assistance is paid to a recipient in excess of the payment due, it shall be recoverable by the local agency. The agency shall give written notice to the recipient of its intention to recover the overpayment.

When an overpayment occurs, the local agency shall recover the overpayment from a current recipient by reducing the amount of aid payable to the assistance unit of which the recipient is a member for one or more monthly assistance payments until the overpayment is repaid. For any month in which an overpayment must be recovered, recoupment may be made by reducing the grant but only if the reduced assistance payment, together with the assistance unit's total income after deducting work expenses as allowed under section 256.74, subdivision 1, clauses (3) and (4), equals at least 95 percent of the standard of need for the assistance unit, except that if the overpayment is due solely to agency error, this total after deducting

allowable work expenses must equal at least 99 percent of the standard of need. Notwithstanding the preceding sentence, beginning on the date on which the commissioner implements a computerized client eligibility and information system in one or more counties, all local agencies in the state shall reduce the assistance payment by three percent of the assistance unit's standard of need or the amount of the monthly payment, whichever is less, for all overpayments whether or not the overpayment is due solely to agency error. In cases when there is both an overpayment and underpayment, the local agency shall offset one against the other in correcting the payment.

Overpayments may also be voluntarily repaid, in part or in full, by the individual, in addition to the above aid reductions, until the total amount of the overpayment is repaid.

The local agency shall make reasonable efforts to recover overpayments made to persons no longer on assistance in accordance with standards adopted in rule by the commissioner of human services. The local agency need not attempt to recover overpayments of less than \$35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of fraud under section 256.98.

Sec. 123. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

Subd. 9. [APPEAL OF OVERPAYMENT DETERMINATIONS.] The recipient may appeal the agency's determination that an overpayment has occurred in accordance with section 256.045.

Sec. 124. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

Subd. 10. [UNDERPAYMENTS.] The local agency shall promptly repay the recipient for any underpayment. The local agency shall disregard that payment when determining the assistance unit's income and resources in the month when the payment is made and the following month.

Sec. 125. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

Subd. 11. [COMPLIANCE WITH FEDERAL LAW AND REGULATION.] None of the provisions in this section shall be implemented to the extent that they violate federal law or regulation.

Sec. 126. Minnesota Statutes 1987 Supplement, section 256.736, subdivision 1b, is amended to read:

Subd. 1b. [WORK INCENTIVE SUBSIDIZED HOUSING PROGRAM.] Within the limit of available appropriations, employed recipients of aid to families with dependent children who meet eligibility requirements established by the commissioner of human services are eligible for a state housing subsidy as an incentive to seek and retain employment. The commissioner of human services shall adopt rules for the work incentive subsidized housing program using eligibility criteria, subsidy amounts, and an administrative system developed jointly by the commissioner of human services and the commissioner of jobs and training. Unless superseded by permanent rules, emergency rules adopted to implement this section remain in effect until July 1, 1989. The rules must:

(1) target recipients who are or are likely to become long-term recipients or who experience substantial barriers to employment;

(2) establish a fixed or sliding scale subsidy amount that will create a significant work incentive yet enable the program to serve the greatest possible number of recipients;

(3) limit the subsidy to persons who become employed while receiving assistance; and

(4) provide for continued subsidy payments for up to one year after termination of assistance to ease the transition from assistance to self-sufficiency.

The program must be coordinated with existing work and training programs and must be designed to maximize savings in the aid to families with dependent children program. The subsidy must be provided as in-kind assistance, and it is not available if it would be considered countable income under state and federal requirements.

Sec. 127. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 3b. [MANDATORY SCHOOL ATTENDANCE FOR MINOR PARENTS.] (a) The definitions in this paragraph apply to this subdivision.

(1) "Minor parent" means a recipient of AFDC who is under age 18, and who is the natural or adoptive parent of a child living with the minor parent.

(2) "School" means:

(i) an educational program which leads to a high school diploma. The program or coursework may be, but is not limited to, a program under the post-secondary enrollment options of section 123.3514, a

regular or alternative program of an elementary or secondary school, a technical institute, or a college;

(ii) coursework for a general educational development (GED) diploma of not less than six hours of classroom instruction per week; or

(iii) other post-secondary educational program which is approved by the public school or the local agency under subdivision 11.

(b) Notwithstanding section 256.736, subdivision 3, a minor parent must attend school if all of the following apply:

(1) the minor parent has no child living with the parent who is younger than six weeks of age;

(2) transportation services needed to enable the minor parent to attend school are available;

(3) licensed or legal nonlicensed child care services needed to enable the minor parent to attend school are available;

(4) the minor parent has not already graduated from high school and has not received a general educational development (GED) diploma; and

(5) the minor parent does not have good cause for failing to attend school, as provided in paragraph (d).

(c) The minor parent must be enrolled in school and meeting the school's attendance requirements. The minor parent is considered to be attending when the minor parent is enrolled but the school is not in regular session, including during holiday and summer breaks.

(d) The local agency shall determine whether good cause for not attending or not enrolling in school exists, according to this paragraph:

(1) Good cause exists when the minor parent is ill or injured seriously enough to prevent the minor parent from attending school.

(2) Good cause exists when the minor parent's child is ill or injured, and the minor parent's presence in the home is required to care for the child.

(3) Good cause exists when the local agency has verified that the only available school program requires round trip commuting time from the minor parent's residence of more than two hours by available means of transportation, excluding the time necessary to transport children to and from child care.

(4) Good cause exists when there is an interruption in availability of child care services.

(5) Good cause exists when the minor parent has indicated a desire to attend school, but the public school system is not providing for the minor parent's education and alternative programs are not available.

(6) Good cause exists when the school does not cooperate with the local agency in providing verification of the minor parent's education or attendance.

(7) Good cause exists when the minor parent or the minor parent's child has a medical appointment, an appointment with the local welfare agency, or is required to appear in court during the minor parent's normal school hours, or any other obligation consistent with the case management contract.

(8) For the minor parent of a child between six and twelve weeks of age, good cause exists when child care is not available on the premises of the school, or a medical doctor certifies that it would be better for the health of either the parent or the child for the parent to remain at home with the child for a longer period of time.

(e) If the school notifies the local agency that the minor parent is not enrolled or is not meeting the school's attendance requirements, and the local agency determines that the minor parent does not have good cause, the local agency shall apply the sanctions listed in subdivision 4 beginning with the first payment month after issuance of notice.

(f) A right to notice and fair hearing shall be provided in accordance with section 256.045 and the Code of Federal Regulations, title 45, section 205.10.

(g) When a minor parent has failed to attend school and does not have good cause, the local agency shall refer the minor parent to social services for services, as provided in section 257.33.

(h) No less often than quarterly, the local agency must verify that the minor parent is meeting the requirements of this subdivision. Notwithstanding section 13.32, subdivision 3, when the local agency notifies the school that a minor parent is subject to this subdivision, the school must furnish verification of school enrollment and attendance to the local agency.

Sec. 128. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 3c. [MINOR PARENTS NOT LIVING WITH RELATIVES.]

(a) This subdivision applies to a minor parent who is not living with a parent or other adult relative, and who is not living in a group or foster home licensed by the commissioner.

(b) For purposes of this subdivision, the following terms shall have the meanings given them:

(1) "Minor parent" means an applicant for or recipient of AFDC who is under age 18, and who is the natural or adoptive parent of a child living with the minor parent.

(2) "Other adult relative" means a person who qualifies to be an eligible relative caretaker for AFDC, as specified in federal regulations.

(c) The agency shall determine, for each minor parent who applies for or receives AFDC, whether this section applies. For a minor parent to whom this section applies, the local agency shall refer the minor parent to its social services unit within 30 days of the date the application for assistance is approved for development of a social service plan as required in section 257.33. The agency shall notify the minor parent of the referral to social services, and that cooperation in developing and participating in a social service plan is required in order for AFDC eligibility to continue.

(d) In addition to meeting the requirements of section 257.33, the social service plan may, based upon the social service unit's evaluation of the minor caretaker's needs and parenting abilities, and the health, safety, and parenting needs of the minor caretaker's child, require the minor caretaker to live in a group or foster home or participate in available programs which teach skills in parenting or independent living.

(e) If the minor parent fails to cooperate in developing or participating in the social service plan, the social services unit shall notify the income maintenance unit of the local agency, which shall then notify the minor parent of the determination and that the sanctions in subdivision 4 will be applied.

Sec. 129. Minnesota Statutes 1987 Supplement, section 256.736, subdivision 4, is amended to read:

Subd. 4. [CONDITIONS OF CERTIFICATION.] The commissioner of human services shall:

(1) Arrange for or provide any caretaker or child required to participate in employment and training services pursuant to this section with child-care services, transportation, and other necessary family services;

(2) Pay 10 percent of the cost of the work incentive program and any other costs that are required of that agency by federal regulation for employment and training services for recipients of aid to families with dependent children;

(3) Provide that in determining a recipient's needs any monthly incentive training payment made to the recipient by the department of jobs and training is disregarded and the additional expenses attributable to participation in a program are taken into account in grant determination to the extent permitted by federal regulation; and

(4) Provide that when it has been certified by the county board that a caretaker or child required to participate in an employment and training program has been found by the employment and training service provider to have refused without good cause to participate in appropriate employment and training services or to have refused without good cause to accept a bona fide offer of public or other employment, the county board shall provide that the county board shall impose the sanctions in clause (5) or (6) when the county board:

(a) is notified that a caretaker or child required to participate in employment and training services has been found by the employment and training service provider to have failed without good cause to participate in appropriate employment and training services or to have failed without good cause to accept a bona fide offer of public or other employment;

(b) determines that a minor parent who is required to attend school under subdivision 3b has, without good cause, failed to attend school;

(c) determines that subdivision 3c applies to a minor parent and the minor parent has, without good cause, failed to cooperate with development of a social service plan or to participate in execution of the plan, to live in a group or foster home, or to participate in a program that teaches skills in parenting and independent living; or

(d) determines that a caretaker has, without good cause, failed to attend orientation.

(5) To the extent permissible by federal law, the following sanctions shall be imposed for a recipient's failure to participate in required employment and training services, education, orientation, or the requirements of subdivision 3c:

(a) For the first failure, 50 percent of the grant provided to the family for the month following the failure shall be made in the form of protective or vendor payments;

(b) For the second and subsequent failures, the entire grant provided to the family shall be made in the form of protective or vendor payments. Assistance provided to the family shall be in the form of protective or vendor payments until the recipient complies with the requirement; and

(c) When protective payments are required, the local agency may continue payments to the caretaker if a protective payee cannot reasonably be found.

(6) When the sanctions provided by clause (5) are not permissible under federal law, the following sanctions shall be imposed for a recipient's failure to participate in required employment and training services, education, orientation, or the requirements of subdivision 3c:

(a) If the caretaker makes the refusal fails to participate, the caretaker's needs shall not be taken into account in making the grant determination, and aid for any dependent child in the family will be made in the form of protective or vendor payments, except that when protective payments are made, the local agency may continue payments to the caretaker if a protective payee cannot reasonably be found. The standard of assistance for the remaining eligible members of the assistance unit shall be the standard that is used in other instances in which the caretaker is excluded from the assistance unit for noncompliance with a program requirement.

(b) Aid with respect to a dependent child will be denied if a child who makes the refusal fails to participate is the only child receiving aid in the family.

(c) If there is more than one child receiving aid in the family, aid for the child who makes the refusal fails to participate will be denied and the child's needs will not be taken into account in making the grant determination.

(d) If the assistance unit's eligibility is based on the nonexempt principal earner's unemployment and this principal earner fails or refuses without good cause to participate or to accept employment, the entire assistance unit is ineligible for benefits under sections 256.72 to 256.87.

Sec. 130. Minnesota Statutes 1987 Supplement, section 256.736, subdivision 11, is amended to read:

Subd. 11. [CASE MANAGEMENT SERVICES.] (a) For clients described in subdivision 2a, the case manager shall:

(1) Assess the education, skills, and ability of the caretaker to secure and retain a job which, when added to child support, will

support the caretaker's family. The case manager must work with the caretaker in completing this task;

(2) Set goals and develop a timetable for completing education and employment goals. The case manager must work with the caretaker in completing this task. For caretakers who are not literate or who have not completed high school, the first goal for the caretaker must be to complete literacy training or a general education diploma. Caretakers who are literate and have completed high school shall be counseled to set realistic attainable goals, taking into account the long-term needs of both the caretaker and the caretaker's family;

(3) Coordinate services such as child care, transportation, and education assistance necessary to enable the caretaker to work toward the goals developed in clause (2). When a client needs child care services in order to attend a Minnesota public or nonprofit college, university or technical institute, the case manager shall contact the appropriate agency to reserve child care funds for the client. A caretaker who needs child care services in order to complete high school or a general education diploma is eligible for child care under section 268.91;

(4) Develop, execute, and monitor a contract between the local agency and the caretaker. The contract must include: (a) specific goals of the caretaker including stated measurements of progress toward each goal; (b) specific services provided by the county agency; and (c) conditions under which the county will withdraw the services provided;

The contract may include other terms as desired or needed by either party. In all cases, however, the case manager must ensure that the caretaker has set forth in the contract realistic goals consistent with the ultimate goal of self-sufficiency for the caretaker's family; and

(5) Develop and refer caretakers to counseling or peer group networks for emotional support while participating in work, education, or training.

(b) In addition to the duties in paragraph (a), for minor parents and pregnant minors, the case manager shall:

(1) Ensure that the contract developed under paragraph (a)(4) considers all factors set forth in section 257.33, subdivision 2; and

(2) Assess the housing and support systems needed by the caretaker in order to provide the dependent children with adequate parenting. The case manager shall encourage minor parents who are not living with friends or relatives to live in a group home or foster care setting and shall assist pregnant minors in assessing

their housing needs and planning for adequate housing. If minor parents are unwilling to live in a group home or foster care setting or if no group home or foster care setting is available, the case manager shall assess the minor parent's need for training in parenting and independent living skills and shall refer appropriate minor parents to available counseling programs designed to teach needed skills; and

(3) Inform the minor parent or pregnant minor and assist the minor parent or pregnant minor in evaluating the appropriateness of the high school graduation incentives program under section 126.22, including post-secondary enrollment options, and the employment related and community based instruction programs.

(c) A caretaker may request a conciliation conference to attempt to resolve disputes regarding the contents of a contract developed under this section or a housing and support systems assessment conducted under this section. The caretaker may request a hearing pursuant to section 256.045 to dispute the contents of a contract or assessment developed under this section. The caretaker need not request a conciliation conference in order to request a hearing pursuant to section 256.045.

Sec. 131. Minnesota Statutes 1986, section 256.76, subdivision 1, is amended to read:

Subdivision 1. Upon the completion of such the investigation the county agency shall decide whether the child is eligible for assistance under the provisions of sections 256.72 to 256.87, determine the amount of such the assistance, and the date on which such the assistance shall begin. A decision on an application for assistance shall be made as promptly as possible and no more than 30 days after the date of application. Notwithstanding section 393.07, the county agency shall not delay approval or issuance of assistance pending formal action of the county board of commissioners. The first month's grant shall be based upon that portion of the month from the date of application, or from the date that the applicant meets all eligibility factors, whichever occurs later, provided that on the date that assistance is first requested, the local agency shall inquire and determine whether the person requesting assistance is in immediate need of food, shelter, clothing, or other emergency assistance. If an emergency need is found to exist, the applicant shall be granted assistance pursuant to section 256.871 within a reasonable period of time. It shall make a grant of assistance which shall be binding upon the county and be complied with by the county until such the grant is modified or vacated. If the applicant is subsequently found to have been eligible for assistance under sections 256.72 to 256.87, assistance rendered under section 256.871 must be considered as a regular AFDC payment and not a payment under section 256.871. The county agency shall notify the applicant of its decision in writing. Such The assistance shall be paid monthly

to the applicant or to the vendor of medical care upon order of the county agency from funds appropriated to the county agency for this purpose. The county agency shall, upon the granting of assistance under these sections, file an order on the form to be approved by the state agency with the auditor of the county and thereafter. After the order is filed, warrants shall be drawn and payments made only in accordance with this order to or for recipients of this assistance or in accordance with any subsequent order.

Sec. 132. [256.925] [OPTIONAL VOTER REGISTRATION FOR PUBLIC ASSISTANCE APPLICANTS AND RECIPIENTS.]

A county agency shall provide voter registration cards to every individual eligible to vote who applies for a public assistance program at the time application is made. The agency shall also make voter registration cards available to a public assistance recipient upon the recipient's request or at the time of the recipient's eligibility redetermination. The county agency shall assist applicants and recipients in completing the voter registration cards, as needed. Applicants must be informed that completion of the cards is optional. Completed forms shall be collected by agency employees and submitted to proper election officials.

Sec. 133. Minnesota Statutes 1987 Supplement, section 256.936, is amended to read:

256.936 [CHILDREN'S HEALTH PLAN.]

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

(a) "Eligible persons" means pregnant women and children under six years old who are one year of age or older but less than 11 years of age who have gross family incomes that are equal to or less than 185 percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B or general assistance medical care under chapter 256D and who are not otherwise insured for the covered services. Eligibility for pregnant women shall continue for 60 days postpartum to allow for follow-up visits. The period of eligibility extends from the first day of the month in which the child's first birthday occurs to the last day of the month in which the child becomes 11 years old.

(b) "Covered services" means prenatal care services and children's health services.

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

(d) "Children's health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, nursing home or intermediate care facilities services, and mental health and chemical dependency services.

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

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

Subd. 2. [PLAN ADMINISTRATION.] The children's health plan is established to promote access to appropriate primary health care for pregnant women and to assure healthy babies and healthy children. The commissioner shall establish an office for the state administration of this plan. The plan shall be used to provide prenatal care and children's health services for eligible persons. Payment for these services shall be made to all eligible providers. The commissioner shall establish marketing efforts to encourage potentially eligible persons to receive information about the program and about other medical care programs administered or supervised by the department of human services. A toll-free telephone number must be used to provide information about the plan medical programs and to promote access to the covered services. The commissioner must make a quarterly assessment of the expected expenditures for the covered services and the appropriation. Based on this assessment the commissioner may limit enrollments and target former aid to families with dependent children recipients. If sufficient money is not available to cover all costs incurred in one quarter, the commissioner may seek an additional authorization for funding from the legislative advisory committee.

Subd. 3. [APPLICATION PROCEDURES.] Applications and other information must be made available in to provider offices, local human services agencies, public and private elementary schools, community health offices, and Women, Infants and Children (WIC) program sites. These sites may accept applications, collect the enrollment fee, and forward the forms and fees to the commissioner. Otherwise, applicants may apply directly to the commissioner. The commissioner may use individuals' social security numbers as identifiers for purposes of administering the plan and conduct data matches to verify income. Applicants shall submit evidence of family income, earned and unearned, that will be used to verify income eligibility. Notwithstanding any other law to the contrary, benefits

under this section are secondary to any a plan of insurance or benefit program under which an eligible person may have coverage. The commissioner shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.

Subd. 4. [ENROLLMENT FEE.] An enrollment fee of \$35 is required from eligible persons for prenatal care services and an annual enrollment fee of \$25, not to exceed \$150 per family, is required from eligible persons for children's health services. The fees may be paid together at the time of enrollment or as two payment installments. The commissioner shall make an annual redetermination of continued eligibility and identify people who may become eligible for medical assistance.

Sec. 134. Minnesota Statutes 1987 Supplement, section 256.969, subdivision 3, is amended to read:

Subd. 3. [SPECIAL CONSIDERATIONS.] (a) In determining the rate the commissioner of human services will take into consideration whether the following circumstances exist:

(1) minimal medical assistance and general assistance medical care utilization;

(2) unusual length of stay experience; and

(3) disproportionate numbers of low-income patients served.

(b) To the extent of available appropriations, the commissioner shall provide supplemental grants directly to a hospital described in section 256B.031, subdivision 10, paragraph (a), that receives medical assistance payments through a county-managed health plan that serves only residents of the county. The payments must be designed to compensate for actuarially demonstrated higher health care costs within the county, for the population served by the plan, that are not reflected in the plan's rates under section 256B.031, subdivision 4.

(c) For inpatient hospital originally paid admissions, excluding medicare cross-overs, provided from July 1, 1988, through June 30, 1989, hospitals with 100 or fewer medical assistance annualized paid admissions, excluding medicare cross-overs, that were paid by March 1, 1988, for admissions paid during the period January 1, 1987, to June 30, 1987, shall have medical assistance inpatient payments increased 17 percent. Hospitals with more than 100 but fewer than 250 medical assistance annualized paid admissions, excluding medicare cross-overs, that were paid by March 1, 1988, for admissions paid during the period January 1, 1987, to June 30, 1987, shall have medical assistance inpatient payments increased 7

percent for inpatient hospital originally paid admissions, excluding medicare cross-overs, provided from July 1, 1988, through June 30, 1989. This provision applies only to hospitals that have 100 or fewer licensed beds on March 1, 1988.

Sec. 135. Minnesota Statutes 1987 Supplement, section 256B.02, subdivision 8, is amended to read:

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

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

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 252.41, subdivision 3, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562 unless the facility is eligible as a sole community provider as defined in Code of Federal Regulations, title 42, section 412.92. If medical assistance is used to pay for costs of nursing care provided to patients in swing beds when the facility is an eligible sole community provider, the facility's medical assistance payments are contingent upon the following conditions:

(a) the health care financing administration approves the state plan amendment;

(b) swing bed patients are screened as provided for in Minnesota Rules, part 9549.0059;

(c) it is no longer medically necessary for the patient to receive acute care level of service;

(d) the daily medical assistance payment for swing bed services shall be the statewide average medical assistance payment ex-

pressed as per diem for skilled nursing services as computed annually by the commissioner of human services on July 1 each year; and

(e) the continuation of the medical assistance swing bed option for sole community providers beyond June 30, 1990, is subject to legislative adoption of a like recommendation made by the interagency board for quality assurance in its nursing home bed distribution study required under Laws 1987, chapter 403, article 4, section 13;

(3) Physicians' services;

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

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

(6) Home health care services;

(7) Private duty nursing services;

- (8) Physical therapy and related services;
- (9) Dental services, excluding cast metal restorations;
- (10) Laboratory and X-ray services;
- (11) Nurse anesthetist services;

(12) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of

the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

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

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) (13) Diagnostic, screening, and preventive services. "Preventive services" include services related to pregnancy, including services for those conditions which may complicate a pregnancy and which may be available to a pregnant woman determined to be at risk of poor pregnancy outcome. Preventive services available to a

woman at risk of poor pregnancy outcome may differ in an amount, duration, or scope from those available to other individuals eligible for medical assistance;

~~(13)~~ (14) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act. For purposes of obtaining Medicare part B, expenditures may be made even if federal funding is not available;

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

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

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

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

~~(15)~~ (16) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

~~(16)~~ (17) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

~~(17)~~ (18) Personal care assistant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care assistants shall be adjusted annually to reflect

changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies;

~~(18)~~ (19) To the extent authorized by rule of the state agency, case management services to persons with serious and persistent mental illness;

~~(19)~~ (20) To the extent authorized by rule of the state agency, case management services to persons with brain injuries;

(20) (21) Hospice care services under Public Law Number 99-272, section 9505, to the extent authorized by rule; and

(21) (22) Day treatment services as specified in sections 245.462, subdivision 8, and 245.471, subdivision 3, that are provided under contract with the county board; and

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

Sec. 136. Minnesota Statutes 1987 Supplement, section 256B.031, subdivision 5, is amended to read:

Subd. 5. [FREE CHOICE LIMITED.] (a) The commissioner may require recipients of aid to families with dependent children; ~~except those recipients who are refugees and whose health services are reimbursed 100 percent by the federal government for the first 31 months after entry into the United States;~~ to enroll in a prepaid health plan and receive services from or through the prepaid health plan, with the following exceptions:

(1) recipients who are refugees and whose health services are reimbursed 100 percent by the federal government for the first 24 months after entry into the United States; and

(2) recipients who are placed in a foster home or facility. If placement occurs before the seventh day prior to the end of any month, the recipient will be disenrolled from the recipient's prepaid health plan effective the first day of the following month. If placement occurs after the seventh day before the end of any month, that recipient will be disenrolled from the prepaid health plan on the first day of the second month following placement. The prepaid health plan must provide all services set forth in subdivision 2 during the interim period.

Enrollment in a prepaid health plan is mandatory only when recipients have a choice of at least two prepaid health plans.

(b) Recipients who become eligible on or after December 1, 1987, must choose a health plan within 30 days of the date eligibility is determined. At the time of application, the local agency shall ask the recipient whether the recipient has a primary health care provider. If the recipient has not chosen a health plan within 30 days but has provided the local agency with the name of a primary health care provider, the local agency shall determine whether the provider participates in a prepaid health plan available to the recipient and, if so, the local agency shall select that plan on the recipient's behalf. If the recipient has not provided the name of a primary health care provider who participates in an available prepaid health plan, commissioner shall randomly assign the recipient to a health plan.

(c) Recipients who are eligible on November 30, 1987, must choose a prepaid health plan by January 15, 1988. If possible, the local agency shall ask whether the recipient has a primary health care provider and the procedures under paragraph (b) shall apply. If a recipient does not choose a prepaid health plan by this date, the commissioner shall randomly assign the recipient to a health plan.

(d) Each recipient must be enrolled in the health plan for a minimum of six months following the effective date of enrollment, except that the recipient may change health plans once within the first 60 days after initial enrollment. The commissioner shall request a waiver from the federal Health Care Financing Administration to extend the minimum period to 12 months to limit a recipient's ability to change health plans to once every six or 12 months. If such a waiver is obtained, each recipient must be enrolled in the health plan for a minimum of six or 12 months. A recipient may change health plans once within the first 60 days after initial enrollment.

(e) Women who are receiving medical assistance due to pregnancy

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

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

Sec. 137. Minnesota Statutes 1987 Supplement, section 256B.042, subdivision 2, is amended to read:

Subd. 2. [LIEN ENFORCEMENT.] The state agency may perfect and enforce its lien by following the procedures set forth in sections 514.69, 514.70 and 514.71, and its verified lien statement shall be filed with the appropriate court administrator in the county of financial responsibility. The verified lien statement shall contain the following: the name and address of the person to whom medical care was furnished, the date of injury, the name and address of the vendor or vendors furnishing medical care, the dates of the service, the amount claimed to be due for the care, and, to the best of the state agency's knowledge, the names and addresses of all persons, firms, or corporations claimed to be liable for damages arising from the injuries. This section shall not affect the priority of any attorney's lien. The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is received by it under subdivision 4, paragraph (c), or one year from the date medical bills are first paid by the state agency, whichever is later, to file its verified lien statement. The state agency may file its verified lien statement or commence an action to enforce the lien within one year of (1) the date the notice required by subdivision 4, paragraph (c), is received or (2) the date the recipient's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later.

Sec. 138. Minnesota Statutes 1987 Supplement, section 256B.06, subdivision 1, is amended to read:

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

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

(2) who is a child eligible for or receiving foster care maintenance

payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676; or

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

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

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

(6) who meets the categorical eligibility requirements of the supplemental security income program and the other eligibility requirements of this section; the methodology for calculating the disregards and deductions from income shall be as specified in section 256D.37, subdivisions 6 to 14; or

(7) who, except for the amount of income or assets, would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children, and who meets the other eligibility requirements of this section. However, in the case of families and children who meet the categorical eligibility requirements for aid to families with dependent children, the methodology for calculating assets shall be as specified in section 256.73, subdivision 2, except that the exclusion for an automobile shall be as in clause (13)(g) as long as acceptable to the health care financing administration, and the methodology for calculating deductions from earnings for child care and work expenses shall be as specified in section 256.74, subdivision 1; or

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

(9) who is an infant less than one year of age born on or after October 1, 1984, whose mother was eligible at the time of birth and who remains in the mother's household. Eligibility under this clause

is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility; or

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

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

(12) who alone, or together with the person's spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant or recipient as a primary place of residence, together with the contiguous land upon which it is situated. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by the spouse, minor child, or disabled child of any age. The homestead is also excluded for the first six calendar months of the person's stay in the long-term care facility. The homestead must be reduced to an amount within limits or excluded on another basis if the person remains in the long-term care facility for a period longer than six months. Real estate not used as a home may not be retained unless the property is not salable, the equity is \$6,000 or less and the income produced by the property is at least six percent of the equity, or the excess real property is exempted for a period of nine months if there is a good faith effort to sell the property and a legally binding agreement is signed to repay the amount of assistance issued during that nine months; and

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

(a) the homestead, (b) household goods and furniture in use in the home, (c) personal effects with a total equity value of \$2,000 or less, (d) wearing apparel, (e) personal property used as a regular abode by the applicant or recipient, (f) a lot in a burial plot for each member of the household, (g) personal jewelry acquired more than 24 months immediately prior to the period of medical assistance

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

(14) who has or anticipates receiving a semiannual income not in excess of 115 percent of the income standards by family size used in the aid to families with dependent children program, except that families and children may have an income up to 133½ percent of the AFDC income standard. Notwithstanding any laws or rules to the contrary, in computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Numbers 94-566, section 503; 99-272; and 99-509; and

(15) who has ~~monthly~~ expenses for medical care that are more than the amount of the person's excess income, computed ~~on a monthly basis, in which case eligibility may be established and medical assistance payments may be made to cover the monthly unmet medical need by deducting incurred medical expenses from the excess income to reduce the excess to the income standard specified in clause (14). The person shall elect to have the medical expenses deducted monthly or at the beginning of the budget period;~~ or who is a pregnant woman or infant up to one year of age who meets the requirements of clauses (1) to (8) except that her anticipated income is in excess of the income standards by family size used in the aid to families with dependent children program, but is equal to or less than 133½ 185 percent of that income standard the federal poverty guideline for the same family size. Eligibility for a pregnant woman or infant up to one year of age with respect to this clause shall be without regard to the asset standards specified in clauses (12) and (13). For persons who reside in licensed nursing homes, regional treatment centers, or medical institutions, the income over and above that required in section 256B.35 for personal needs allowance is to be applied to the cost of institutional care. In addition, income may be retained by an institutionalized person (a)

to support dependents in the amount that, together with the income of the spouse and child under age 18, would provide net income equal to the medical assistance standard for the family size of the dependents excluding the person residing in the facility; or (b) for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if the person was not living together with a spouse or child under age 21 at the time the person entered a long-term care facility, if the person has expenses of maintaining a residence in the community, and if a physician certifies that the person is expected to reside in the long-term care facility on a short-term basis. For purposes of this section, persons are determined to be residing in licensed nursing homes, regional treatment centers, or medical institutions if the persons are expected to remain for a period expected to last longer than three months. The commissioner of human services may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care; and

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

(17) who is under age 19 and qualifies as a disabled individual under United States Code, title 42, section 1382c(a), and who would be eligible for medical assistance under the state plan if residing in a medical institution, and who requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions, for whom home care is appropriate, provided that the cost to medical assistance for home care services is not more

than medical assistance would pay for appropriate institutional care; and

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

Sec. 139. Minnesota Statutes 1987 Supplement, section 256B.06, subdivision 4, is amended to read:

Subd. 4. [CITIZENSHIP REQUIREMENTS.] Eligibility for medical assistance is limited to citizens of the United States and aliens lawfully admitted for permanent residence or otherwise permanently residing in the United States under the color of law. Aliens who are seeking legalization under the Immigration Reform and Control Act of 1986, Public Law Number 99-603, who are under age 18, over age 65, blind, disabled, or Cuban or Haitian, and who meet the eligibility requirements of medical assistance under subdivision 1 and section 256B.17 are eligible to receive medical assistance. Pregnant women who are aliens seeking legalization under the Immigration Reform and Control Act of 1986, Public Law Number 99-603, and who meet the eligibility requirements of medical assistance under subdivision 1 are eligible for payment of care and services through the period of pregnancy and six weeks postpartum. Payment shall also be made for care and services that are furnished to an alien, regardless of immigration status, who otherwise meets the eligibility requirements of this section if such care and services are necessary for the treatment of an emergency medical condition. For purposes of this subdivision, the term "emergency medical condition" means a medical condition, including labor and delivery, that if not immediately treated could cause a person physical or mental disability, continuation of severe pain, or death.

Sec. 140. Minnesota Statutes 1986, section 256B.08, is amended to read:

256B.08 [APPLICATION.]

Subdivision 1. [APPLICATION PROCESS.] An applicant for medical assistance ~~hereunder~~, or a person acting in the applicant's behalf, shall file an application with a county local agency in ~~such~~ the manner and form as shall be prescribed by the state agency. When a married applicant resides in a nursing home or applies for medical assistance for nursing home services, the ~~county local~~ agency shall consider an application on behalf of the applicant's spouse only upon specific request of the applicant or upon specific request of the spouse and separate filing of an application.

Subd. 2. [EXPEDITED REVIEW FOR PREGNANT WOMEN.] A pregnant woman who may be eligible for assistance under section

256B.06, subdivision 1, shall receive an appointment for eligibility determination no later than five working days from the date of her request for assistance from the local agency. The local agency shall expedite processing her application for assistance and shall make a determination of eligibility on a completed application no later than ten working days following the applicant's initial appointment. The local agency shall assist the applicant to provide all necessary information and documentation in order to process the application within the time period required under this subdivision. The state agency shall provide for the placement of applications for medical assistance in eligible provider offices, community health offices, and Women, Infants and Children (WIC) program sites.

Sec. 141. Minnesota Statutes 1987 Supplement, section 256B.091, subdivision 4, is amended to read:

Subd. 4. [SCREENING OF PERSONS.] Prior to nursing home or boarding care home admission, screening teams shall assess the needs of all applicants, except (1) patients transferred from other certified nursing homes or boarding care homes; (2) patients who, having entered acute care facilities from nursing homes or boarding care homes, are returning to a nursing home or boarding care home; (3) persons entering a facility described in section 256B.431, subdivision 4, paragraph (c); (4) individuals not eligible for medical assistance whose length of stay is expected to be 30 days or less based on a physician's certification, if the facility notifies the screening team upon admission and provides an update to the screening team on the 30th day after admission; (5) individuals who have a contractual right to have their nursing home care paid for indefinitely by the veteran's administration; or (6) persons entering a facility conducted by and for the adherents of a recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing. ~~The cost for screening applicants who are receiving medical assistance must be paid by the medical assistance program.~~ The total screening cost for each county for applicants who are not eligible for medical assistance and residents of nursing homes who request a screening must be paid monthly by nursing homes and boarding care homes participating in the medical assistance program in the county. The monthly amount to be paid by each nursing home and boarding care home must be determined by dividing the county's estimate of the total annual cost of screenings allowed by the commissioner in the county for the following rate year by 12 to determine the monthly cost estimate and allocating the monthly cost estimate to each nursing home and boarding care home based on the number of licensed beds in the nursing home or boarding care home. The monthly cost estimate for each nursing home or boarding care home must be submitted to the nursing home or boarding care home and the state by the county no later than February 15 of each year for inclusion in the nursing home's or boarding care home's payment rate on the following rate year. The

commissioner shall include the reported annual estimated cost of screenings for each nursing home or boarding care home as an operating cost of that nursing home in accordance with section 256B.431, subdivision 2b, clause (g). For all individuals regardless of payment source, if delay-of-screening timelines are not met because a county is late in screening an individual who meets the delay-of-screening criteria, the county is solely responsible for paying the cost of the preadmission screening. Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility. Any other interested person may be screened under this subdivision if the person pays a fee for the screening based upon a sliding fee scale determined by the commissioner.

Sec. 142. Minnesota Statutes 1986, section 256B.092, subdivision 5, is amended to read:

Subd. 5. [FEDERAL WAIVERS.] The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation under United States Code, title 42, sections 1396 to 1396p, as amended through December 31, ~~1982~~ 1987, for the provision of services to persons who, in the absence of the services, would need the level of care provided in a state hospital or a community intermediate care facility for persons with mental retardation or related conditions. The commissioner may seek amendments to the waivers or apply for additional waivers under United States Code, title 42, sections 1396 to 1396p, as amended through December 31, ~~1982~~ 1987, to contain costs. The commissioner shall ensure that payment for the cost of providing home and community-based alternative services under the federal waiver plan shall not exceed the cost of intermediate care services that would have been provided without the waived services.

Sec. 143. Minnesota Statutes 1986, section 256B.092, subdivision 7, is amended to read:

Subd. 7. [SCREENING TEAMS ESTABLISHED.] Each county agency shall establish a screening team which, under the direction of the county case manager, shall make an evaluation of need for home and community-based services of persons who are entitled to the level of care provided by an intermediate care facility for persons with mental retardation or related conditions or for whom there is a reasonable indication that they might require the level of care provided by an intermediate care facility. The screening team shall make an evaluation of need within 15 working days of the request for service date that the assessment is completed or within 60 working days of a request for service by a person with mental retardation or related conditions, whichever is the earlier, and within five working days of an emergency admission of an individual to an intermediate care facility for persons with mental retardation or related conditions. The screening team shall consist of the case

manager, the client, a parent or guardian, a qualified mental retardation professional, as defined in the Code of Federal Regulations, title 42, section 442.401, as amended through December 31, 1982 1987. For individuals determined to have overriding health care needs, a registered nurse must be designated as either the case manager or the qualified mental retardation professional. The case manager shall consult with the client's physician, other health professionals or other persons as necessary to make this evaluation. The case manager, with the concurrence of the client or the client's legal representative, may invite other persons to attend meetings of the screening team. No member of the screening team shall have any direct or indirect service provider interest in the case.

Sec. 144. Minnesota Statutes 1986, section 256B.14, subdivision 2, is amended to read:

Subd. 2. [ACTIONS TO OBTAIN PAYMENT.] The state agency shall promulgate rules to determine the ability of responsible relatives to contribute partial or complete repayment of medical assistance furnished to recipients for whom they are responsible. ~~In determining the~~ No resource contribution is required of a spouse at the time of the first approved medical assistance application; all medical assistance exclusions shall be allowed, and a resource limit of \$10,000 for nonexcluded resources shall be implemented. Above these limits, a contribution of one-third of the excess resources shall be required. These rules shall not require repayment when payment would cause undue hardship to the responsible relative or that relative's immediate family. These rules shall be consistent with the requirements of section 252.27, subdivision 2, for parents of children whose eligibility for medical assistance was determined without deeming of the parents' resources and income. For parents of children receiving services under a federal medical assistance waiver or under section 134 of the Tax Equity and Fiscal Responsibility Act of 1982, United States Code, title 42, section 1396a(e)(3), while living in their natural home, including in-home family support services, respite care, homemaker services, and minor adaptations to the home, the state agency shall take into account the room, board, and services provided by the parents in determining the parental contribution to the cost of care. The county agency shall give the responsible relative notice of the amount of the repayment. If the state agency or county agency finds that notice of the payment obligation was given to the responsible relative, but that the relative failed or refused to pay, a cause of action exists against the responsible relative for that portion of medical assistance granted after notice was given to the responsible relative, which the relative was determined to be able to pay.

The action may be brought by the state agency or the county agency in the county where assistance was granted, for the assistance, together with the costs of disbursements incurred due to the action.

In addition to granting the county or state agency a money judgment, the court may, upon a motion or order to show cause, order continuing contributions by a responsible relative found able to repay the county or state agency. The order shall be effective only for the period of time during which the recipient receives medical assistance from the county or state agency.

Sec. 145. Minnesota Statutes 1986, section 256B.17, subdivision 7, is amended to read:

Subd. 7. [EXCEPTION FOR ASSET TRANSFERS.] Notwithstanding the provisions of subdivisions 1 to 6, an institutionalized spouse who applies for medical assistance on or after July 1, 1983, may transfer liquid assets to a noninstitutionalized spouse without loss of eligibility if all of the following conditions apply:

(a) The noninstitutionalized spouse is not applying for or receiving assistance;

(b) Either (1) the noninstitutionalized spouse has less than \$10,000 in liquid assets, including assets singly owned and 50 percent of assets owned jointly with the institutionalized spouse; or (2) the noninstitutionalized spouse has less than 50 percent of the total value of nonexempt assets owned by both parties, jointly or individually;

(c) The amount transferred, together with the noninstitutionalized spouse's own assets, totals no more than one-half of the total value of the liquid assets of the parties or \$10,000 in liquid assets, whichever is greater; and

(d) The transfer may be effected only once, at the time of initial medical assistance application.

Sec. 146. [256B.31] [CONTINUED HOSPITAL CARE FOR LONG-TERM POLIO PATIENT]

Notwithstanding any law to the contrary, a medical assistance recipient who has been a polio patient in an acute care hospital for a period of not less than 25 consecutive years is eligible to continue receiving hospital care, whether or not the care is medically necessary for purposes of federal reimbursement.

The cost of continued hospital care not reimbursable by the federal government shall be paid with state funds allocated for the medical assistance program. The rate paid to the hospital shall be the rate per day established using Medicare principles for the hospital's fiscal year ending December 31, 1981, adjusted each year by the annual hospital cost index established under section 256.969, subdivision 1, or by other limits in effect at the time of the

adjustment. This section does not prohibit a voluntary move to another living arrangement by a recipient whose care is reimbursed under this section.

Sec. 147. Minnesota Statutes 1987 Supplement, section 256B.35, subdivision 1, is amended to read:

Subdivision 1. [PERSONAL NEEDS ALLOWANCE.] (a) Notwithstanding any law to the contrary, welfare allowances for clothing and personal needs for individuals receiving medical assistance while residing in any skilled nursing home, intermediate care facility, or medical institution including recipients of supplemental security income, in this state shall not be less than \$40 \$45 per month from all sources. When benefit amounts for social security or supplemental security income recipients are increased pursuant to United States Code, title 42, sections 415(i) and 1382f, the commissioner shall, effective in the month in which the increase takes effect, increase by the same percentage to the nearest whole dollar the clothing and personal needs allowance for individuals receiving medical assistance while residing in any skilled nursing home, medical institution, or intermediate care facility. The commissioner of human services shall provide timely notice to local agencies, providers, and recipients of increases under this provision.

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

Sec. 148. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 2i. [OPERATING COSTS AFTER JULY 1, 1988.] (a) [OTHER-OPERATING-COST LIMITS.] For the rate year beginning July 1, 1988, the commissioner shall increase the other-operating-cost limits established in Minnesota Rules, part 9549.0055, subpart 2, item E, to 109 percent of the median of the array of allowable historical other-operating-cost per diems and index these limits as in Minnesota Rules, part 9549.0056, subparts 3 and 4. The limits must be established in accordance with subdivision 2b, paragraph (d). For rate years beginning on or after July 1, 1989, the adjusted other-operating-cost limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 3 and 4.

(b) [CARE-RELATED OPERATING COST LIMITS.] For the rate year beginning July 1, 1988, the commissioner shall increase the care-related operating cost limits established in Minnesota Rules, part 9549.0055, subpart 2, items A and B, to 125 percent of the median of the arrays of the allowable historical case mix operating

cost standardized per diems and the allowable historical other-care-related operating cost per diems and index those limits as in Minnesota Rules, part 9549.0056, subparts 1 and 2. The limits must be established in accordance with subdivision 2b, paragraph (d). For rate years beginning on or after July 1, 1989, the adjusted care-related limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 1 and 2.

(c) [SALARY ADJUSTMENT PER DIEM.] For the rate period October 1, 1988, through June 30, 1990, the commissioner shall add the appropriate salary adjustment per diem calculated in clause (1) or (2) to the total operating cost payment rate of each nursing home. The salary adjustment per diem for each nursing home must be determined as follows:

(1) for each nursing home that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the commissioner shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator and central office salaries and the related payroll taxes and fringe benefits, by 2.7 percent and then dividing the resulting amount by the nursing home's actual resident days; and

(2) for each nursing home that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under clause (1).

Each nursing home that receives a salary adjustment per diem pursuant to this subdivision shall adjust nursing home employee salaries by a minimum of the amount determined in clause (1) or (2). The commissioner shall review allowable salary costs, including payroll taxes and fringe benefits, for the reporting year ending September 30, 1989, to determine whether or not each nursing home complied with this requirement. The commissioner shall report the extent to which each nursing home complied with the legislative commission on long-term care by August 1, 1990.

(d) [PERA EXEMPTION.] For rate years beginning on or after July 1, 1988, the commissioner shall exempt allowable public employee pension contributions separately reported by a governmentally operated nursing home on its annual cost report, from the care related operating cost limits and the other operating cost limits.

(e) [NEW BASE YEAR.] The commissioner shall establish the reporting year ending September 30, 1989, as a new base year.

Sec. 149. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3d. [BETTERMENTS AND ADDITIONS.] Notwithstanding any contrary provision of chapter 256B, or a rule adopted under chapter 256B, a nursing home that commenced construction on a betterment and addition costing \$700,000 or more prior to the expiration of Minnesota Rules, 12 MCAR 2.05001 to 2.05016 (Temporary)(1983) shall have its property-related payment rate step-up as a result of the betterment and addition calculated as set forth in 12 MCAR 2.05011.B.3 in the case of betterments, and 12 MCAR 2.05011.D in the case of additions. For purposes of this subdivision, the terms "betterment" and "addition" have the meaning set forth in 12 MCAR 2.05002 and the term "commenced construction" has the meaning set forth in section 144A.071, subdivision 3.

Sec. 150. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3e. [HOSPITAL ATTACHED CONVALESCENT AND NURSING CARE FACILITIES.] If a community-operated hospital and attached convalescent and nursing care facility suspend operation of the hospital, the surviving nursing care facility must be allowed to continue its status as a hospital-attached convalescent and nursing care facility for reimbursement purposes in three subsequent rate years.

Sec. 151. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3f. [PROPERTY COSTS AFTER JULY 1, 1988.] (a) [INVESTMENT PER BED LIMIT.] For the rate year beginning July 1, 1988, the replacement-cost-new per bed limit must be \$32,571 per licensed bed in multiple bedrooms and \$48,857 per licensed bed in a single bedroom. Beginning January 1, 1989, the replacement-cost-new per bed limits must be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1).

(b) [RENTAL FACTOR.] For the rate year beginning July 1, 1988, the commissioner shall increase the rental factor as established in Minnesota Rules, part 9549.0060, subpart 8, item A, by 6.2 percent rounded to the nearest 100th percent for the purpose of reimbursing nursing homes for soft costs and entrepreneurial profits not included in the cost valuation services used by the state's contracted appraisers. For rate years beginning on or after July 1, 1989, the rental factor is the amount determined under this paragraph for the rate year beginning July 1, 1988.

(c) [OCCUPANCY FACTOR.] For rate years beginning on or after July 1, 1988, in order to determine property-related payment rates

under Minnesota Rules, part 9549.0060, for all nursing homes except those whose average length of stay in a skilled level of care within a nursing home is 180 days or less, the commissioner shall use 95 percent of capacity days. For a nursing home whose average length of stay in a skilled level of care within a nursing home is 180 days or less, the commissioner shall use the greater of resident days or 80 percent of capacity days but in no event shall the divisor exceed 95 percent of capacity days.

(d) For purposes of determining the amount of a reported actual special assessment to be included in a nursing home's operating cost, the commissioner of human services shall include as a special assessment, an expense charged to a nursing home by the municipality of Minnesota through a sewer rental charge assessed against the nursing home for a waste water treatment facility.

Sec. 152. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3g. [PROPERTY COSTS AFTER JULY 1, 1990, FOR CERTAIN FACILITIES.] For rate years beginning on or after July 1, 1990, nonhospital-attached nursing homes that, on or after January 1, 1976, but prior to December 31, 1985, were newly licensed after new construction, or increased their licensed beds by a minimum of 35 percent through new construction, and whose building capital allowance is less than their allowable annual principal and interest on allowable remaining weighted average debt prior to the application of the replacement-cost-new per bed limit and whose debt amortization schedule as of January 1, 1988, exceeded 15 years, must receive a property-related payment rate equal to the greater of their rental per diem or their annual allowable principal and allowable interest without application of the replacement-cost-new per bed limit plus their equipment allowance. A nursing home that is eligible for a property-related payment rate under this subdivision and whose property-related payment rate in a subsequent rate year is its rental per diem must continue to have its property-related payment rates established for all future rate years based on the rental reimbursement method in Minnesota Rules, part 9549.0060.

Sec. 153. Minnesota Statutes 1987 Supplement, section 256B.431, subdivision 4, is amended to read:

Subd. 4. [SPECIAL RATES.] (a) For the rate years beginning July 1, 1983, and July 1, 1984, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property-related costs calculated pursuant to the statutes and rules in effect on May 1, 1983, and for operating costs negotiated by the commissioner based upon the 60th percentile established for the appropriate group under subdivision 2a, to be effective from the first day a medical assistance recipient resides in

the home or for the added beds. For newly constructed nursing homes which are not included in the calculation of the 60th percentile for any group, subdivision 2f, the commissioner shall establish by rule procedures for determining interim operating cost payment rates and interim property-related cost payment rates. The interim payment rate shall not be in effect for more than 17 months. The commissioner shall establish, by emergency and permanent rules, procedures for determining the interim rate and for making a retroactive cost settle-up after the first year of operation; the cost settled operating cost per diem shall not exceed 110 percent of the 60th percentile established for the appropriate group. Until procedures determining operating cost payment rates according to mix of resident needs are established, the commissioner shall establish by rule procedures for determining payment rates for nursing homes which provide care under a lesser care level than the level for which the nursing home is certified.

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

(c) For rate years beginning on or after July 1, 1983, the commissioner may exclude from a provision of 12 MCAR S 2.050 any facility that is licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, is licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690, and has less than five percent of its licensed boarding care capacity reimbursed by the medical assistance program. Until a permanent rule to establish the payment rates for facilities meeting these criteria is promulgated, the commissioner shall establish the medical assistance payment rate as follows:

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

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

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

(4) For the fiscal year beginning on January 1, 1988, the facility's payment rate shall be established using the following method: the commissioner shall divide the real estate taxes and special assessments payable as stated in the facility's current property tax statement by actual resident days to compute a real estate tax and special assessment per diem. Next the prior year's payment rate must be adjusted by 2.5 percent to determine an adjusted payment rate. The facility's payment rate is the adjusted prior year's payment rate plus the real estate tax and special assessment per diem.

(5) For the fiscal year beginning on or after January 1, 1989, the facility's payment rate shall be established using the following method: the commissioner shall divide the real estate taxes and special assessments payable as stated in the facility's current property tax statements by actual resident days to compute a real estate tax and special assessment per diem. Next the prior year's payment rate less the real estate tax and special assessment per diem must be adjusted by 2.5 percent to determine an adjusted payment rate. The facility's payment rate is the adjusted payment rate plus the real estate tax and special assessment per diem.

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

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

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

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

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

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

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

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

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

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

(7) gifts or other transfers for no consideration;

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

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

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

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

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

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

(e) For rate years beginning on or after July 1, 1986, the commissioner may exclude from a provision of Minnesota Rules, parts 9549.0010 to 9549.0080, any facility that is certified by the commissioner of health as an intermediate care facility, licensed by the commissioner of human services as a chemical dependency treatment program, and enrolled in the medical assistance program as an institution for mental disease. The commissioner of human services shall establish a medical assistance payment rate for these facilities. Chapter 14 does not apply to the procedures and criteria used to establish the ratesetting structure. The ratesetting method is not appealable.

Sec. 154. Minnesota Statutes 1987 Supplement, section 256B.433, subdivision 1, is amended to read:

Subdivision 1. [SETTING PAYMENT; MONITORING USE OF THERAPY SERVICES.] The commissioner shall promulgate rules pursuant to the administrative procedure act to set the amount and method of payment for ancillary materials and services provided to recipients residing in nursing homes. Payment for materials and services may be made to either the nursing home in the operating cost per diem, to the vendor of ancillary services pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080 or to a nursing home pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. Payment for the same or similar service to a recipient shall not be made to both the nursing home and the vendor. The commissioner shall ensure the avoidance of double payments through audits and adjustments to the nursing home's annual cost report as required by section 256B.47, and that charges and arrangements for ancillary materials and services are cost effective and as would be incurred by a prudent and cost-conscious buyer. Therapy services provided to a recipient must be medically necessary and appropriate to the medical condition of the recipient. If the vendor, nursing home, or ordering physician cannot provide adequate medical necessity justification, as determined by the commissioner, in consultation with an advisory committee that meets the requirements of section 256B.064, subdivision 1a, the commissioner may recover or disallow the payment for the services and may require prior authorization for therapy services as a condition of payment or may impose administrative sanctions to limit the vendor, nursing home, or ordering physician's participation in the medical assistance program. If the provider number of a nursing home is used to bill services provided by a vendor of therapy services that is not related to the nursing home by ownership, control, affiliation or employment status, no withholding of payment shall be imposed against the nursing home for services not medically necessary except for funds due the unrelated vendor of therapy services as provided in subdivision 3, paragraph (c). For the purpose of this subdivision, no monetary recovery may be imposed against the nursing home for funds paid to the unrelated vendor of therapy services as provided in subdivision 3, paragraph (c), for services not medically necessary.

Sec. 155. Minnesota Statutes 1987 Supplement, section 256B.501, subdivision 1, is amended to read:

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

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

(b) "Facility" means a facility licensed as a mental retardation residential facility under section 252.28, licensed as a supervised living facility under chapter 144, and certified as an intermediate care facility for persons with mental retardation or related conditions.

(c) "Waivered service" means home or community-based service authorized under United States Code, title 42, section 1396n(c), as amended through December 31, 1982 ~~1987~~, and defined in the Minnesota state plan for the provision of medical assistance services. Waivered services include, at a minimum, case management, family training and support, developmental training homes, supervised living arrangements, semi-independent living services, respite care, and training and habilitation services.

Sec. 156. Minnesota Statutes 1986, section 256B.501, subdivision 3, is amended to read:

Subd. 3. [RATES FOR INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.] The commissioner shall establish, by rule, procedures for determining rates for care of residents of intermediate care facilities for persons with mental retardation or related conditions. The procedures shall be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of residents in efficiently and economically operated facilities. In developing the procedures, the commissioner shall include:

(a) cost containment measures that assure efficient and prudent management of capital assets and operating cost increases which do not exceed increases in other sections of the economy;

(b) limits on the amounts of reimbursement for property, general and administration, and new facilities;

(c) requirements to ensure that the accounting practices of the facilities conform to generally accepted accounting principles;

(d) incentives to reward accumulation of equity; and

(e) a revaluation on sale for a facility that, for at least three years before its use as an intermediate care facility, has been used by the seller as a single family home and been claimed by the seller as a homestead, and was not revalued immediately prior to or upon entering the medical assistance program, provided that the facility revaluation not exceed the amount permitted by the Social Security Act, section 1902(a)(13); and

(f) appeals procedures that satisfy the requirements of section 256B.50 for appeals of decisions arising from the application of standards or methods pursuant to Minnesota Rules, parts 9510.0500 to 9510.0890, 9553.0010 to 9553.0080, and 12 MCAR 2.05301 to 2.05315 (temporary).

In establishing rules and procedures for setting rates for care of

residents in intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall consider the recommendations contained in the February 11, 1983, Report of the Legislative Auditor on Community Residential Programs for the Mentally Retarded and the recommendations contained in the 1982 Report of the Department of Public Welfare Rule 52 Task Force. Rates paid to supervised living facilities for rate years beginning during the fiscal biennium ending June 30, 1985, shall not exceed the final rate allowed the facility for the previous rate year by more than five percent.

Sec. 157. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3a. [INTERIM RATES.] For rate years beginning October 1, 1988, and October 1, 1989, the commissioner shall establish an interim program operating cost payment rate for care of residents in intermediate care facilities for persons with mental retardation.

(a) For the rate year beginning October 1, 1988, the interim program operating cost payment rate shall be the greater of the facility's 1987 reporting year allowable program operating costs per resident day increased by the composite forecasted index in section 256B.501, subdivision 3c, or the facility's January 1, 1988, program operating cost payment rate increased by the composite forecasted index in section 256B.501, subdivision 3c, except that the composite forecasted index is established based on the midpoint of the period January 1, 1988, through September 30, 1988, to the midpoint of the following rate year.

(b) For the rate year beginning October 1, 1989, the interim program operating cost payment rate shall be the greater of the facility's 1988 reporting year allowable program operating costs per resident day increased by the composite forecasted index in section 256B.501, subdivision 3c or the facility's October 1, 1988, program operating cost payment rate increased by the composite forecasted index in section 256B.501, subdivision 3c, except that the composite forecasted index is established based on the midpoint of the rate year beginning October 1, 1988, to the midpoint of the following rate year.

Sec. 158. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3b. [SETTLE-UP OF COSTS.] The facility's program operating costs are subject to a retroactive settle-up for the 1988 and 1989 reporting years, determined by the following method:

(a) If a facility's program operating costs, including one-time adjustment program operating costs for the facility's 1988 or 1989 reporting year are less than 98 percent of the facility's total program

operating cost payments for facilities with 20 or fewer licensed beds, or less than 99 percent of the facility's total program operating cost payments for facilities with more than 20 licensed beds, then the facility must repay the difference to the state according to the desk audit adjustment procedures in Minnesota Rules, part 9553.0041, subpart 13, items B to E. For the purpose of determining the retroactive settle-up amounts, the facility's total program operating cost payments shall be computed by multiplying the facility's program operating cost payment rates, including one-time program operating cost adjustment rates for those reporting years, by the prorated resident days which correspond to those program operating cost payment rates paid during those reporting years.

(b) If a facility's program operating costs, including one-time adjustment program operating costs for the facility's 1989 reporting year are between 102 and 105 percent of the amount computed by multiplying the facility's program operating cost payment rates, including one-time program operating cost adjustment rates for those reporting years, by the prorated resident days which correspond to those program operating cost payment rates paid during that reporting year, the state must repay the difference to the facility according to the desk audit adjustment procedures in Minnesota Rules, part 9553.0041, subpart 13, items B to E.

A facility's retroactive settle-up must be calculated by October 1, 1990.

Sec. 159. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3c. [COMPOSITE FORECASTED INDEX.] For rate years beginning on or after October 1, 1988, the commissioner shall establish a statewide composite forecasted index to take into account economic trends and conditions between the midpoint of the facility's reporting year and the midpoint of the rate year following the reporting year. The statewide composite index shall incorporate the forecast by Data Resources, Inc. of increases in the average hourly earnings of nursing and personal care workers indexed in Standard Industrial Code 805 in "Employment and Earnings," published by the Bureau of Labor Statistics, United States Department of Labor. This portion of the index shall be weighted annually by the proportion of total allowable salaries and wages to the total allowable operating costs in the program, maintenance, and administrative operating cost categories for all facilities.

For adjustments to the other operating costs in the program, maintenance, and administrative operating cost categories, the statewide index shall incorporate the Data Resources, Inc. forecast for increases in the national CPI-U. This portion of the index shall be weighted annually by the proportion of total allowable other operating costs to the total allowable operating costs in the program,

maintenance, and administrative operating cost categories for all facilities. The commissioner shall use the indices as forecasted by Data Resources, Inc., in the fourth quarter of the reporting year.

Sec. 160. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3d. [LIMITS ON ADMINISTRATIVE OPERATING COSTS.] For the rate year beginning October 1, 1988, the administrative operating cost per bed limit shall be calculated according to paragraphs (a) to (d).

(a) The commissioner shall classify a facility into one of two groups based on the number of licensed beds reported on the facility's cost report. Group one includes facilities with more than 20 licensed beds. Group two includes facilities with 20 or fewer licensed beds.

(b) The commissioner shall determine the allowable administrative historical operating cost per licensed bed for each facility in the two groups by dividing the allowable administrative historical operating cost in each facility by the number of licensed beds in each facility.

(c) The commissioner shall establish the administrative cost per licensed bed limit by multiplying the median of the array of allowable administrative historical operating costs per licensed bed for each group by the percentage that establishes the limit at the 75th percentile of the array of each group.

(d) For the rate year beginning October 1, 1988, the maximum allowable administrative historical operating cost shall be the facility's allowable administrative historical operating cost or the amount in paragraph (c) multiplied by the facility's licensed beds, whichever is less.

Sec. 161. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3e. [INCREASE IN LIMITS.] For rate years beginning on or after October 1, 1990, the commissioner shall increase the administrative cost per licensed bed limit in section 256B.501, subdivision 3d, paragraph (c), and the maintenance operating cost limit in Minnesota Rules, part 9553.0050, subpart 1, item A, subitem (2), by multiplying the administrative operating cost per bed limit and the maintenance operating cost limit by the composite forecasted index in section 256B.501, subdivision 3c except that the index shall be based on the 12 months between the midpoints of the two preceding reporting years.

Sec. 162. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3f. [RATE ADJUSTMENTS.] For rate years beginning October 1, 1989, the commissioner may develop a method to adjust facility rates to meet new licensing or certification standards or regulations adopted by the state or federal government which result in significant cost increases. The commissioner may also consider establishing separate administrative cost limits based on other factors including difficulty of care of residents and licensure classification.

Sec. 163. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3g. [ASSESSMENT OF RESIDENTS.] For rate years beginning on or after October 1, 1990, the commissioner shall establish program operating cost rates for care of residents in facilities that take into consideration service characteristics of residents in those facilities. To establish the service characteristics of residents, the quality assurance and review teams in the department of health shall assess all residents annually beginning January 1, 1989, using a uniform assessment instrument developed by the commissioner. This instrument shall include assessment of the client's behavioral needs, integration into the community, ability to perform activities of daily living, medical and therapeutic needs, and other relevant factors determined by the commissioner. The commissioner may establish procedures to adjust the program operating costs of facilities based on a comparison of client services characteristics, resource needs, and costs.

Sec. 164. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3h. [SCOPE.] The provisions in subdivisions 3a to 3g do not apply to facilities whose payment rates are governed by Minnesota Rules, part 9553.0075.

Sec. 165. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3i. [RULES.] The commissioner shall adopt rules to implement section 256B.501, subdivisions 3e, 3f, 3g, and 3h. The commissioner shall consult with provider groups, advocates, and legislators to develop these rules.

Sec. 166. [256B.64] [ATTENDANTS TO VENTILATOR-DEPENDENT RECIPIENTS.]

A ventilator-dependent recipient of medical assistance who has

been receiving the services of a private duty nurse or personal care assistant in the recipient's home may continue to have a private duty nurse or personal care assistant present upon admission to a hospital licensed under chapter 144. Subject to the patient's rights under section 144.651, the hospital, physicians, and hospital staff, consistent with the standards of care in the medical community, shall, while the patient is hospitalized, at all times retain final decision-making authority and otherwise retain responsibility for the care and treatment of the ventilator-dependent patient.

The personal care assistant or private duty nurse shall perform the services of communicator or interpreter for the ventilator-dependent patient during a transition period of up to 120 hours to assure adequate training of the hospital staff to communicate with the patient and to understand the unique comfort, safety and personal care needs of the patient. The personal care assistant or private duty nurse may offer nonbinding advice to the health care professionals in charge of the ventilator-dependent patient's care and treatment on matters pertaining to the comfort and safety of the patient. After the 120 hour transition period, an assessment may be made by the ventilator-dependent patient, the attending physician and the patient's primary care nurse to determine whether continued services of communicator or interpreter for the patient by the private duty nurse or personal care assistant is necessary and appropriate for the patient's needs. If continued service is necessary and appropriate, the physician must certify this need to the commissioner of human services in order to continue payments. The commissioner may adopt rules necessary to implement this section. Reimbursement under this section must be at the payment rate and in a manner consistent with the payment rate and manner used in reimbursing these providers for home care services for the ventilator-dependent recipient under the medical assistance program.

Sec. 167. Minnesota Statutes 1986, section 256B.69, subdivision 3, is amended to read:

Subd. 3. [GEOGRAPHIC AREA.] The commissioner shall designate the geographic areas in which eligible individuals may be included in the demonstration project. The geographic areas shall may include one urban, one suburban, and at least one rural county. In order to encourage the participation of long-term care providers, the project area may be expanded beyond the designated counties for eligible individuals over age 65.

Sec. 168. Minnesota Statutes 1986, section 256B.69, subdivision 4, is amended to read:

Subd. 4. [LIMITATION OF CHOICE.] The commissioner shall develop criteria to determine when limitation of choice may be implemented in the experimental counties. The criteria shall ensure that all eligible individuals in the county have continuing access to

the full range of medical assistance services as specified in subdivision 6. The commissioner shall exempt the following persons from participation in the project, in addition to those who do not meet the criteria for limitation of choice: (a) persons eligible for medical assistance according to section 256B.06, subdivision 1, paragraphs (1) and (2); and (b) persons eligible for medical assistance due to blindness or disability as determined by the social security administration or the state medical review team, unless they are 65 years of age or older. Before limitation of choice is implemented, eligible individuals shall be notified and after notification, shall be allowed to choose only among demonstration providers. After initially choosing a provider, the recipient is allowed to change that choice only at specified times as allowed by the commissioner.

Sec. 169. Minnesota Statutes 1987 Supplement, section 256B.73, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT: GEOGRAPHIC AREA.] The commissioner of human services shall cooperate with local coalitions to establish a demonstration project to provide low cost medical insurance to uninsured low income persons in Cook, Crow Wing, Lake, St. Louis, Carlton, Aitkin, Pine, Itasca, and Koochiching counties except an individual county may be excluded as determined by the county board of commissioners.

Sec. 170. Minnesota Statutes 1987 Supplement, section 256B.73, is amended by adding a subdivision to read:

Subd. 10a. [ADDITIONAL DEMONSTRATION PROJECTS.] Additional demonstration projects shall be established to allow exploration of alternative approaches to providing medical insurance to low-income persons. The commissioner shall enter into a contract with the coalition formed for the nine counties named in subdivision 2. The coalition shall work with the commissioner and potential demonstration providers as well as other public and private organizations to determine program design, including enrollee eligibility requirements, benefits, and participation.

Sec. 171. [256B.74] [MANAGED CARE FOR MEDICAL ASSISTANCE AND GENERAL ASSISTANCE MEDICAL CARE RECIPIENTS.]

Subdivision 1. [GOAL.] The commissioner shall design and implement interventions to monitor and manage the health services of recipients in the medical assistance and general assistance medical care programs who are identified as at risk of underutilization of services or of inappropriate high frequency, high cost use of such services. These interventions shall be consistent with the goals of the medical assistance and general assistance medical care programs, to make available to recipients accessible, high quality and cost effective health services.

Subd. 2. [FORMATION OF TASK FORCE.] The commissioner shall convene a task force composed of representatives from expert and interested parties to advise the department of human services in analyzing the utilization patterns of individuals in the medical assistance and general assistance medical care programs and in determining the applicability and usefulness of focused utilization review, case management services, or other managed care approaches to all or parts of these populations. The task force shall include, at a minimum, representatives from the provider community, recipient groups, the departments of health and finance, appropriate experts from the University of Minnesota and the chairs of the house and senate health policy committees or their designees. The analysis may be conducted by staff from the department of human services, or the department of human services may contract with selected research institutions for assistance in the conduct of this analysis.

The design of the intervention shall derive from the findings of the task force as it reviews evidence of the utilization patterns of recipients and providers. The task force shall report its findings and recommendations to the commissioner and the legislature by September 30, 1988.

Subd. 3. [OBJECTIVES.] The specific objectives of the task force shall be determined by the commissioner in consultation with the task force, and shall include at a minimum:

(a) To identify among the general population and in selected geographic areas, patterns of utilization of health services, especially high frequency, high cost use and possible underutilization;

(1) To establish guidelines to distinguish possible overutilization of services from appropriate high frequency, high cost utilization, and to determine levels of utilization below which care may be inappropriate;

(2) To identify patterns of emergency room utilization;

(3) To establish guidelines to identify possible inappropriate use of the hospital emergency room;

(4) To determine the levels and types of patient and physician initiated utilization of the medical assistance and general assistance medical care population; and

(5) To review the type and quality of care provided to recipients identified as at risk of inappropriately high or low utilization of health services.

(b) To recommend interventions and an implementation plan

consistent with the goals of the medical assistance and general assistance medical care programs to improve the management of health services to recipients identified as at risk of inappropriately high or low utilization of care:

(1) To examine various approaches to case management and utilization review which might improve the quality and accessibility and reduce the cost of care for individuals identified as at risk;

(2) To conduct cost benefit analyses of such alternative approaches;

(3) To design interventions which have appropriate incentives for recipients and health care providers;

(4) To insure that such interventions are consistent with the surveillance utilization review system program and other managed care programs established by the Minnesota legislature; and

(5) To establish guidelines to evaluate any recommended intervention.

Subd. 4. [IMPLEMENTATION OF INTERVENTIONS.] Based upon the recommendations of the task force, the commissioner shall implement appropriate interventions to manage the care of possible inappropriate high frequency, high cost users and underutilizers of health services in the medical assistance and general assistance medical care populations. The commissioner may adopt rules, including emergency rules pursuant to sections 14.29 to 14.36, to carry out the purposes of subdivisions 1 to 4 of this section. By December 31, 1988, the commissioner, with the assistance of the department of human services staff, shall identify and provide for the information, procedures, and clinical expertise which may be necessary to conduct the interventions recommended by the task force. The commissioner shall implement the interventions on January 1, 1989. The commissioner shall provide for the monitoring and evaluation of the interventions, measuring their impact on the quality, accessibility, and cost effectiveness of health services provided to affected populations of the medical assistance and general assistance medical care recipients.

Sec. 172. [256B.75] [FEASIBILITY STUDY FOR HABILITATION SERVICES.]

The commissioner of human services, together with the commissioner of jobs and training, shall study the feasibility of providing medical assistance reimbursement to work activity programs for training and habilitative services provided to participants. The commissioner shall report its findings to the legislature by Decem-

ber 1, 1988. For the purpose of this section, a work activity program is defined at section 129A.01, subdivision 7.

Sec. 173. Minnesota Statutes 1987 Supplement, section 256D.01, subdivision 1a, is amended to read:

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

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

(3) For an assistance unit consisting of ~~an a single adult who is childless and unmarried or living apart from children and spouse, but~~ who lives with a parent or parents, the general assistance standard of assistance shall be equal to the amount that the aid to families with dependent children standard of assistance would increase if the recipient were added as an additional minor child to an assistance unit consisting of the recipient's parent and all of that parent's family members, provided that the standard shall not exceed the standard for a general assistance recipient living alone. Benefits received by a responsible relative of the assistance unit under the supplemental security income program, a workers' compensation program, the Minnesota supplemental aid program, or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the social security retirement program, shall not be counted in the determination of eligibility or benefit level for the assistance unit. ~~An adult child shall be~~ The assistance unit is ineligible for general assistance if the available resources or the countable income of the adult child assistance unit and the parent or parents with whom the adult child assistance unit lives are such that a family consisting of the adult child's assistance unit's parent or parents, the parent or parents' other family members and the adult child assistance unit as the only or additional minor child would be financially ineligible for general assistance. For the purposes of calculating the countable income of the assistance unit's parent or parents, use the calculation methods, income deductions, exclusions, and disregards used when calculating the countable income for a single adult or childless couple.

(4) For an assistance unit consisting of a ~~married childless couple who are childless or who live apart from any child or children of~~

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

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

Sec. 174. Minnesota Statutes 1986, section 256D.02, subdivision 7, is amended to read:

Subd. 7. "Childless couple" means two individuals who are related by marriage and who are living married to each other, live in a place of residence maintained by them as their own home, and are either childless or living apart from their children.

Sec. 175. Minnesota Statutes 1986, section 256D.02, is amended by adding a subdivision to read:

Subd. 12a. "Single adult" means an individual 18 years or older who is childless and unmarried or living apart from the individual's children and spouse.

Sec. 176. Minnesota Statutes 1987 Supplement, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] General assistance medical care may be paid for any person:

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

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

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

General assistance medical care shall not be available for applicants or recipients who do not cooperate with the local agency to meet the requirements of medical assistance.

General assistance medical care may be paid for a person, regardless of age, who is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, if the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

Sec. 177. Minnesota Statutes 1987 Supplement, section 256D.06, subdivision 1, is amended to read:

Subdivision 1. General assistance shall be granted in such an amount that when added to the nonexempt income actually available to the individual, married couple, or family assistance unit, the total amount equals the applicable standard of assistance for gen-

eral assistance. In determining eligibility for and the amount of assistance for an individual or married couple, the local agency shall disregard the first \$50 of earned income per month.

Sec. 178. Minnesota Statutes 1987 Supplement, section 256D.06, subdivision 1b, is amended to read:

Subd. 1b. [EARNED INCOME SAVINGS ACCOUNT.] In addition to the \$50 disregard required under subdivision 1, the local agency shall disregard an additional earned income up to a maximum of \$150 per month for persons residing in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 and 9530.2500 to 9530.4000, and for whom discharge and work are part of a treatment plan and for persons living in supervised apartments with services funded under Minnesota Rules, parts 9535.0100 to 9535.1600, and for whom discharge and work are part of a treatment plan. The additional amount disregarded must be placed in a separate savings account by the eligible individual, to be used upon discharge from the residential facility into the community. A maximum of \$1,000, including interest, of the money in the savings account must be excluded from the resource limits established by section 256D.08, subdivision 1, clause (1). Amounts in that account in excess of \$1,000 must be applied to the resident's cost of care. If excluded money is removed from the savings account by the eligible individual at any time before the individual is discharged from the facility into the community, the money is income to the individual in the month of receipt and a resource in subsequent months. If an eligible individual moves from a community facility to an inpatient hospital setting, the separate savings account is an excluded asset for up to 18 months. During that time, amounts that accumulate in excess of the \$1,000 savings limit must be applied to the patient's cost of care. If the patient continues to be hospitalized at the conclusion of the 18-month period, the entire account must be applied to the patient's cost of care.

Sec. 179. Minnesota Statutes 1986, section 256D.06, is amended by adding a subdivision to read:

Subd. 1c. [ELIGIBILITY OF FAMILIES.] Notwithstanding any other provisions of sections 256D.01 to 256D.22, general assistance for an assistance unit consisting of members of a family shall be granted in an amount that is equal to the amount of assistance which would be paid to an aid to families with dependent children assistance unit which has the same size, composition, income, and other circumstances relevant to the computation of an AFDC grant. Income for an assistance unit consisting of members of a family applying for or receiving general assistance shall be determined in the same manner as for persons applying for or receiving aid to families with dependent children, except that the first \$50 per month of total child support paid on behalf of family members is excluded and the balance is counted as unearned income, and

nonrecurring lump sums received by the family shall be considered income in the month received and a resource thereafter.

Sec. 180. Minnesota Statutes 1986, section 256D.07, is amended to read:

256D.07 [TIME OF PAYMENT OF ASSISTANCE.]

An applicant for general assistance or general assistance medical care authorized by section 256D.03, subdivision 3 shall be deemed eligible if the application and the verification of the statement on that application demonstrate that the applicant is within the eligibility criteria established by sections 256D.01 to 256D.21 and any applicable rules of the commissioner. Any person requesting general assistance or general assistance medical care shall be permitted by the local agency to make an application for assistance as soon as administratively possible and in no event later than the fourth day following the date on which assistance is first requested, and no local agency shall require that a person requesting assistance appear at the offices of the local agency more than once prior to the date on which the person is permitted to make the application. The application shall be in writing in the manner and upon the form prescribed by the commissioner and attested to by the oath of the applicant or in lieu thereof shall contain the following declaration which shall be signed by the applicant: "I declare that this application has been examined by me and to the best of my knowledge and belief is a true and correct statement of every material point." On the date that general assistance is first requested, the local agency shall inquire and determine whether the person requesting assistance is in immediate need of food, shelter, clothing, assistance for necessary transportation, or other emergency assistance pursuant to section 256D.06, subdivision 2. A person in need of emergency assistance shall be granted emergency assistance immediately, and necessary emergency assistance shall continue until either the person is determined to be ineligible for general assistance or the first grant of general assistance is paid to the person. A determination of an applicant's eligibility for general assistance shall be made by the local agency as soon as the required verifications are received by the local agency and in no event later than 30 days following the date that the application is made. Any verifications required of the applicant shall be reasonable, and the commissioner shall by rule establish reasonable verifications. General assistance shall be granted to an eligible applicant without the necessity of first securing action by the board of the local agency. The amount of the first grant of general assistance awarded to an applicant shall be computed to cover the time period starting with the date that assistance is first requested or if the applicant is not eligible on that date, the date on which the applicant first becomes eligible, and The first grant may be reduced by the amount of emergency general assistance provided to the applicant. The first month's grant shall be computed to cover the time period starting with the date a signed

application form is received by the local agency or from the date that the applicant meets all eligibility factors, whichever occurs later.

If upon verification and due investigation it appears that the applicant provided false information and the false information materially affected the applicant's eligibility for general assistance or general assistance medical care provided pursuant to section 256D.03, subdivision 3 or the amount of the applicant's general assistance grant, the local agency may refer the matter to the county attorney. The county attorney may commence a criminal prosecution or a civil action for the recovery of any general assistance wrongfully received, or both.

Sec. 181. Minnesota Statutes 1986, section 256D.35, is amended by adding a subdivision to read:

Subd. 9. [HOMESTEAD.] "Homestead" means a shelter in which the individual or the spouse with whom the individual lives has an ownership interest, and that is the principal residence of the individual, spouse, or the individual's minor or disabled child. The home may be either real or personal property, fixed or mobile, and located on land or water. The home includes all the land that appertains to it and buildings located on that land.

Sec. 182. Minnesota Statutes 1987 Supplement, section 256D.37, subdivision 1, is amended to read:

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

(b) When a recipient is an adult with mental illness in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, a resident of a state hospital or a dwelling with a negotiated rate, the recipient is not eligible for a shelter standard, a basic needs standard, or for special needs payments. The state standard of assistance for those recipients is the clothing and personal needs allowance for medical assistance recipients under section 256B.35. Minnesota supplemental aid may be paid to negotiated rate facilities at the rates in effect on March 1, 1985, for services provided under the supplemental aid program to residents of the facility, up to the maximum negotiated rate specified in this section. The rate for room and board for a licensed facility must not exceed \$800. The maximum negotiated rate does not apply to a facility that, on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an

intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690 or a facility that, on August 1, 1984, was licensed by the commissioner of human services under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a supplemental aid negotiated rate facility under this chapter. The following facilities are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until an alternative reimbursement system covering services excluding room and board maintenance services is developed by the commissioner:

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

(2) a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility as of March 1, 1985, and does not receive supplemental program funding under Minnesota Rules, parts 9535.2000 to 9535.3000 or parts 9553.0010 to 9553.0080. Beginning July 1, 1987, the facilities under clause (1) are subject to applicable supplemental aid limits, and must meet all applicable licensing and reimbursement requirements for programs for persons with mental retardation. The negotiated rates may be paid for persons who are placed by the local agency or who elect to reside in a room and board facility or a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, provided the local agency agrees that this care is needed by the person. When Minnesota supplemental aid is used to pay a negotiated rate, the rate payable to the facility must not exceed the rate paid by an individual not receiving Minnesota supplemental aid. To receive payment for a negotiated rate, the dwelling must comply with applicable laws and rules establishing standards necessary for health, safety, and licensure. The negotiated rate must be adjusted by the annual percentage change in the consumer price index (CPI-U U.S. city average), as published by the Bureau of Labor Statistics between the previous two Septembers, new series index (1967-100) or 2.5 percent, whichever is less. In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, except that the earned income disregard for disabled persons who are not residents of long-term care facilities must be the same as the earned income disregard available to disabled persons in the supplemental security income program and all actual work expenses must be deducted when determining the amount of income for the individual. From the first of the month in which an effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 183. Minnesota Statutes 1986, section 256D.37, subdivision 2, is amended to read:

Subd. 2. [RESOURCE STANDARDS.] The resource standards and restrictions for supplemental aid under this section shall be those used to determine eligibility for disabled individuals in the supplemental security income program. The local agency shall apply the relevant criteria to each application. The local agency in its discretion may permit eligibility of an applicant having assets in excess of the amount prescribed in this section if liquidation of the assets would cause undue loss or hardship.

Sec. 184. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 6. [TRANSFERS.] In determining the resources of an individual and an eligible spouse, if any, a person shall include a resource or interest that exceeds the limits set out in subdivision 2 and that was given away or sold for less than fair market value within the 24 months preceding application for Minnesota supplemental aid or during the period of eligibility.

A transaction described in this subdivision is presumed to have been made to establish eligibility for benefits or assistance under this chapter unless the individual or eligible spouse gives convincing evidence to establish that the transaction was made exclusively for another purpose.

For purposes of this subdivision, the value of a resource or interest is the fair market value when it was sold or given away, less the amount of compensation received.

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

The period of ineligibility must not be applied if the local agency determines that it would create an immediate threat to the health or safety of the assistance unit.

Sec. 185. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 7. [EXCLUSIONS.] The following must not be included as income in determining eligibility:

- (1) the value of food stamps;
- (2) home-produced food used by the household;
- (3) Indian claim payments made by the United States Congress to compensate members of Indian tribes for the taking of tribal lands by the federal government;
- (4) cash payments to displaced persons who face relocation as a result of the Housing Act of 1965, the Housing and Urban Development Act of 1965, or the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- (5) one-third of child support payments received by an eligible child from an absent parent;
- (6) displaced homemaker payments;
- (7) reimbursement received for maintenance costs of providing foster care to adults or children;
- (8) benefits received under Title IV and Title VII of the Older Americans Act of 1965;
- (9) Minnesota renter or homeowner property tax refunds;
- (10) infrequent, irregular income that does not total more than \$20 per person in a month;
- (11) reimbursement payments received from the VISTA program;
- (12) in-kind income;
- (13) payments received for providing volunteer services under Title I, Title II, and Title III of the Domestic Volunteer Service Act of 1973;
- (14) loans that have to be repaid;
- (15) federal low income heating assistance program payments;
and
- (16) any other type of funds excluded as income by state law.

The local agency shall exclude the first \$20 of earned or unearned income.

Sec. 186. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 8. [APPLICATION FOR FEDERALLY FUNDED BENEFITS.] Persons for whom the applicant or recipient has financial responsibility and who have unmet needs must apply for, and if eligible, accept aid to families with dependent children and other federally funded benefits before allocation of earned and unearned income from the applicant or recipient to meet the needs of those persons. If the persons are determined potentially eligible for these benefits, the applicant or recipient may not allocate earned or unearned income to those persons.

Sec. 187. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 9. [ALLOCATION OF INCOME.] The rate of allocation for the financially responsible relatives of applicants or recipients is one-half the individual supplemental security income standard of assistance, except as restricted in subdivision 8.

If the applicant or recipient shares a residence with another person who has financial responsibility for the applicant or recipient, the income of the responsible relative must be considered available to the applicant or recipient after allowing the deductions in subdivisions 11 and 12.

Sec. 188. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 10. [EARNED INCOME DISREGARDS.] From the assistance unit's gross earned income, the local agency shall disregard \$65 plus one-half of the remaining income.

Sec. 189. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 11. [EARNED INCOME DEDUCTIONS.] From the assistance unit's gross earned income, the local agency shall subtract work expenses allowed by the supplemental security income program.

Sec. 190. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 12. [SELF-EMPLOYMENT EARNINGS.] A local agency must determine gross earned income from self-employment by subtracting business costs from gross receipts.

Sec. 191. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 13. [RENTAL PROPERTY.] Income from rental property must be considered self-employment earnings for each month that an average of at least ten hours a week of labor is expended by the owner of the property. When no labor is expended, income from rental property must be considered as unearned income and an additional deduction must be allowed for actual, reasonable, and necessary labor costs for upkeep and repair.

Sec. 192. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

Subd. 14. [GROSS INCOME TEST.] The local agency shall apply a gross income test prospectively for each month of program eligibility. An assistance unit is ineligible when nonexcluded income, before applying any disregards or deductions, exceeds 300 percent of the supplemental security income standard for the assistance unit.

Sec. 193. Minnesota Statutes 1986, section 256E.12, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall establish an experimental a statewide program to assist counties in providing services to chronically mentally ill persons with serious and persistent mental illness as defined in section 245.462, subdivision 20, paragraph (c). The commissioner shall make grants to counties to establish, operate, or contract with private providers to provide services designed to help chronically mentally ill persons with serious and persistent mental illness remain and function in their own communities. Grants received pursuant to this section may be used to fund innovative community support services programs, relating to physical fitness programs designed as part of a mental health treatment plan as specified in section 245.462, subdivision 6, and case management activities that cannot be billed to the medical assistance program under section 256B.02, subdivision 8.

Sec. 194. Minnesota Statutes 1986, section 256E.12, subdivision 2, is amended to read:

Subd. 2. To apply for a grant a county board shall submit an application and budget for the use of the money in the form specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets are approved by the commissioner. A county receiving a grant under this section shall finance at least ten percent of the cost of services for chronically mentally ill persons with serious and persistent mental illness from local resources, which may include private contributions and federal money.

Sec. 195. Minnesota Statutes 1987 Supplement, section 256E.12, subdivision 3, is amended to read:

Subd. 3. The commissioner shall allocate grants under this section to finance up to 90 percent of each county's costs for services ~~for chronically mentally ill to~~ persons with serious and persistent mental illness. The commissioner shall promulgate emergency and permanent rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the services in helping ~~chronically mentally ill persons with serious and persistent mental illness~~ remain and function in their own communities. ~~The experimental program shall expire no later than June 30, 1989.~~

Sec. 196. Minnesota Statutes 1986, section 256F.03, subdivision 8, is amended to read:

Subd. 8. [PLACEMENT PREVENTION AND FAMILY REUNIFICATION SERVICES.] "Placement prevention and family reunification services" means a continuum of services designed to help children remain with their families or to facilitate reunification of children with their parents. Placement prevention and family reunification services available to a minority family must reflect and support family models that are accepted within the culture of the particular minority.

Sec. 197. [256H.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 256H.01 to 256H.09, the terms defined in this section have the meanings given them.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 3. [ELIGIBLE PERSON.] "Eligible person" means an individual who meets the requirements of section 256H.03 and the rules adopted by the commissioner.

Subd. 4. [PROGRAM.] "Program" means the health insurance program for eligible persons administered by the commissioner under sections 256H.01 to 256H.09. The program's name is Minnesota access health plan.

Sec. 198. [256H.02] [CONTRACTING AUTHORITY.]

Subdivision 1. [GENERAL.] The commissioner may request bids and negotiate and contract with carriers that the commissioner

determines are best qualified to underwrite and service the health insurance plans. The commissioner may negotiate premium rates and coverage provisions with all carriers regulated under chapters 62A, 62C, and 62D. The commissioner may negotiate separate contracts to cover eligible persons who are in need of, and receive, immediate medical treatment but who have not as yet selected a plan of coverage. The commissioner may also negotiate reasonable restrictions to be applied to all carriers under chapters 62A, 62C, and 62D. Contracts to manage enrollment and plan selection must be bid or negotiated separately from contracts to service the plans, which shall be awarded only on the basis of competitive bids. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers and other factors the commissioner considers appropriate. Each contract must be for a uniform term of at least one year but may be made automatically renewable from term to term in the absence of notice of termination by either party. The commissioner shall, to the extent feasible, offer a choice of plans available from two or more health plan companies. The commissioner may offer only one plan in an area of the state if only one acceptable bid exists or if offering more than one would result in substantial, additional administrative costs. Payments from the state to a health plan company under sections 256H.01 to 256H.09 are exempt from the tax imposed by section 60A.15 and are not included in a health plan company's premiums for the purposes of assessments under 62E.11.

Subd. 2. [CONTRACT TO CONTAIN STATEMENT OF BENEFITS.] A contract under this section must contain a detailed statement of benefits offered and must include any maximums, limitations, exclusions, and other definitions of benefits the commissioner considers necessary or desirable. A contract must provide benefits at least equal to those required by section 62A.32 or 62E.06, subdivision 2.

A contract shall not contain a provision denying coverage for any preexisting conditions.

Sec. 199. [256H.03] [ELIGIBILITY.]

Subdivision 1. [ELIGIBLE PERSONS.] A Minnesota resident may enroll in the program if the resident is not covered either directly or through a family member under:

(1) a policy, plan, or contract of health or accident insurance regulated under chapter 62A, 62C, or 62D; or

(2) Medicaid or an employment-based insurance program.

Subd. 2. [REDETERMINATION OF ELIGIBILITY AND PREMIUM.] The commissioner shall redetermine a person's eligibility

and share of the premium every six months while the person is enrolled in the program.

Sec. 200. [256H.05] [PREMIUMS.]

Subdivision 1. [SLIDING FEE.] An eligible person shall pay that person's share of the premium for coverage at the time of enrollment. The enrollee's share of the premium shall be determined by an income-based sliding fee scale adopted by the commissioner in rule. The commissioner shall pay the remainder of the premium. Terms of payment of premiums by the commissioner and enrollee shall be provided in the contract.

Subd. 2. [PAYMENT OF FULL PREMIUM ALLOWED.] A person whose income is greater than 250 percent of the federal poverty income guidelines for a family of the same size must pay the entire premium to receive coverage under the program.

Sec. 201. [256H.06] [ENROLLMENT.]

The time, manner, conditions, and terms of eligibility for enrollment in the program shall be determined by the commissioner in rule.

The rules must ensure that eligible persons who need immediate medical treatment are covered under the program from the time they first seek treatment.

Sec. 202. [256H.07] [EFFECTIVE DATE OF COVERAGE.]

Except as provided by rule for persons who need immediate medical treatment, an eligible person is covered under the program on the date the writing carrier receives the first month's premium. Coverage is retroactive to the date the eligible person enrolled in the program.

Sec. 203. [256H.08] [SOLICITATION OF ELIGIBLE PERSONS.]

The commissioner shall disseminate appropriate information to the residents of this state about the existence of the program and the means of enrollment. Means of communication may include use of the press, radio, and television, as well as publication in appropriate state offices and publications.

The commissioner shall devise and implement methods to maintain public awareness of the provisions of sections 256H.01 to 256H.09 and shall administer sections 256H.01 to 256H.09 in a manner that facilitates public participation.

Sec. 204. [256H.09] [IMPLEMENTATION PLAN; REPORT.]

The commissioner, in consultation with the commissioners of health and commerce, three individuals appointed by the chair of the senate health and human services committee, and three individuals appointed by the chair of the house health and human services committee, shall develop a plan to implement the program. The plan must include, but not be limited to:

(1) estimates of the number of people eligible for the program and the costs of the program;

(2) a description of benefits to be offered;

(3) recommendations for methods to determine eligibility and collect premiums;

(4) strategies for contracting and marketing;

(5) strategies to maintain current employer participation in the provision of health care coverage;

(6) strategies to coordinate the program with health care programs such as general assistance medical care, the University Hospital Papers program at the University of Minnesota hospitals, Minnesota comprehensive health association, medical assistance, Medicare, Minnesota catastrophic health expense protection program, and other similar programs;

(7) timelines for implementing the program, with specific implementation plans for the 1989 to 1991 biennium; and

(8) recommendations for legislation to implement the program.

The commissioner shall report to the legislature by November 1, 1988, on the plan to implement the program.

Sec. 205. [257.066] [RULES.]

By December 31, 1989, the commissioner of human services shall revise Minnesota Rules, parts 9545.0750 to 9545.0830 and parts 9560.0500 to 9560.0670, the rules for licensing child-placing agencies. The commissioner shall ensure that, as conditions of licensure, each child-placing agency meet the requirements of section 257.072, subdivisions 5 and 6; and keep records in compliance with sections 257.01 and 259.46.

Sec. 206. Minnesota Statutes 1986, section 257.071, subdivision 2, is amended to read:

Subd. 2. [SIX MONTH REVIEW OF PLACEMENTS.] There shall be an administrative review of the case plan of each child placed in

a residential facility no later than 180 days after the initial placement of the child in a residential facility and at least every six months thereafter if the child is not returned to the home of the parent or parents within that time. The case plan must be monitored and updated at each administrative review. As an alternative to the administrative review, the social service agency responsible for the placement may bring a petition as provided in section 260.131, subdivision 1a, to the court for review of the foster care to determine if placement is in the best interests of the child. This petition must be brought to the court within the applicable six months and is not in lieu of the requirements contained in subdivision 3 or 4.

Sec. 207. Minnesota Statutes 1986, section 257.071, subdivision 3, is amended to read:

Subd. 3. [REVIEW OF VOLUNTARY PLACEMENTS.] Subject to the provisions of subdivision 4, if the child has been placed in a residential facility pursuant to a voluntary release by the parent or parents, and is not returned home within 18 months after initial placement in the residential facility, the social service agency responsible for the placement shall:

(a) Return the child to the home of the parent or parents; or

(b) File an appropriate petition pursuant to section 260.131, subdivision 1, or 260.231, and if the petition is dismissed, petition the court within two years, pursuant to section 260.131, subdivision 1a, to determine if the placement is in the best interests of the child.

The case plan must be updated when a petition is filed and must include a specific plan for permanency.

Sec. 208. Minnesota Statutes 1986, section 257.071, is amended by adding a subdivision to read:

Subd. 7. [RULES.] By December 31, 1988, the commissioner shall revise Minnesota Rules, parts 9545.0010 to 9545.0269, the rules setting standards for family and group family foster care, to reflect sensitivity to cultural diversity and differing lifestyles.

Sec. 209. Minnesota Statutes 1986, section 257.072, is amended to read:

257.072 [RECRUITMENT OF FOSTER FAMILIES WELFARE OF MINORITY CHILDREN.]

Subdivision 1. [RECRUITMENT OF FOSTER FAMILIES.] Each authorized child placing agency shall make special efforts to recruit a foster family from among the child's relatives, except as authorized in section 260.181, subdivision 3, and among families of the same

minority racial or minority ethnic heritage. Special efforts include contacting and working with community organizations and religious organizations, utilizing local media and other local resources, and conducting outreach activities, and increasing the number of minority recruitment staff employed by the agency. The agency may accept any gifts, grants, offers of services, and other contributions to use in making special recruitment efforts.

Subd. 2. [MINORITY RECRUITMENT SPECIALIST.] The commissioner of human services shall designate a permanent professional staff position for a minority recruitment specialist in the department of human services. The minority recruitment specialist shall provide services to child-placing agencies seeking to recruit minority adoptive and foster care families and qualified minority professional staff. The minority recruitment specialist shall:

- (1) develop materials for use by the agencies in training staff;
- (2) conduct in-service workshops for agency personnel;
- (3) provide consultation, technical assistance, and other appropriate services to agencies wishing to improve service delivery to minority populations;
- (4) in cooperation with authorized child-placing agencies, develop a cost-effective campaign using radio and television to recruit minority adoptive and foster families; and
- (5) conduct workshops for foster care and adoption recruiters to evaluate the effectiveness of techniques for recruiting minority families.

Upon recommendation of the minority recruitment specialist, the commissioner may contract for portions of these services.

Subd. 3. [MINORITY PLACEMENTS.] Beginning December 1, 1989, the commissioner shall provide to the Indian Affairs Council, the Council on Affairs of Spanish-Speaking People, the Council on Black Minnesotans, and the Council on Asian-Pacific Minnesotans the semi-annual reports required under section 257.0725.

Subd. 4. [CONSULTATION WITH MINORITY REPRESENTATIVES.] The commissioner of human services shall, after seeking and considering advice from representatives from the councils established under sections 3.922, 3.9223, 3.9225, and 3.9226:

- (1) review, and where necessary, revise the department of human services social service manual and practice guide to reflect the scope and intent of Laws 1983, chapter 278;

(2) develop criteria for determining whether a prospective adoptive or foster family is "knowledgeable and appreciative" as the term is used in section 260.181, subdivision 3; and

(3) develop and provide to agencies an assessment tool to be used in combination with group interviews and other preplacement activities to evaluate prospective adoptive and foster families of minority children. The tool must assess problem-solving skills; identify parenting skills; and, when required by section 260.181, subdivision 3, evaluate the degree to which the prospective family is knowledgeable and appreciative of racial and ethnic differences.

Subd. 5. [DUTIES OF CHILD-PLACING AGENCIES.] Each authorized child-placing agency must:

(1) develop and follow procedures for implementing the order of preference prescribed by section 260.181, subdivision 3;

(2) have a written plan for recruiting minority adoptive and foster families. The plan must include (a) strategies for using existing resources in minority communities, (b) use of minority outreach staff wherever possible, (c) use of minority foster homes for placements after birth and before adoption, and (d) other techniques as appropriate;

(3) have a written plan for training adoptive and foster families of minority children; and

(4) if located in an area with a significant minority population, have a written plan for employing minority social workers in adoption and foster care. The plan must include staffing goals and objectives.

Subd. 6. [REPORTING REQUIREMENTS.] Each authorized child-placing agency shall provide to the commissioner of human services all data needed by the commissioner for the report required by section 257.0725. The agency shall provide the data within 60 days of the end of the six-month period for which the data is applicable.

Sec. 210. [257.0725] [SEMI-ANNUAL REPORT.]

The commissioner of human services shall publish a semi-annual report on children in out-of-home placement. The report shall include, by county and statewide, information on legal status, living arrangement, age, sex, race, accumulated length of time in placement, reason for most recent placement, race of family with whom placed, number of families from the child's own culture in the placement pool during the period for which data is provided, and other demographic information deemed appropriate on all children

in out-of-home placement. The commissioner shall provide the required data for children who entered placement during the previous quarter and for children who are in placement at the end of the quarter. Out-of-home placement includes placement in any facility by an authorized child-placing agency. By December 1, 1989, and by December 1 of each successive year, the commissioner shall publish a report covering the first six months of the calendar year. By June 1, 1990, and by June 1 of each successive year, the commissioner shall publish a report covering the last six months of the calendar year.

Sec. 211. [257.075] [GRANTS FOR SUPPORT SERVICES.]

The commissioner of human services may make grants to authorized child-placing agencies that provide services to minority children in out-of-home placements. Support services may include, but are not limited to:

(1) development of foster and adoptive placement resources, including recruitment, licensing, and support;

(2) advocacy in working with the county and private social service agencies, and activities to help provide access to agency services;

(3) family and community involvement strategies to combat child abuse and chronic neglect of children;

(4) coordinated child welfare and mental health services to minority families;

(5) preadoption, postadoption, and foster care support groups for minority children and prospective adoptive and foster families;

(6) the use of minority foster parents as continuing support for children returned to birth homes;

(7) information, counseling, and support groups to assist minority children approaching age 18 in setting permanent goals for independent living;

(8) minority adolescent support groups for children in long-term foster care, new adoptive placements, and nonminority homes where identity issues threaten the adoptive relationship and adjustment;

(9) services listed at section 256F.07; and

(10) other activities and services approved by the commissioner that further the goals of the minority heritage preservation act.

Sec. 212. Minnesota Statutes 1986, section 260.181, subdivision 3, is amended to read:

Subd. 3. [PROTECTION OF RACIAL OR ETHNIC HERITAGE, OR RELIGIOUS AFFILIATION.] The policy of the state is to ensure that the best interests of children are met by requiring due consideration of the child's minority race or minority ethnic heritage in foster care placements.

The court, in transferring legal custody of any child or appointing a guardian for the child under the laws relating to juvenile courts, shall place the child, in the following order of preference, in the absence of good cause to the contrary, in the legal custody or guardianship of an individual who (a) is the child's relative, or if that would be detrimental to the child or a relative is not available, who (b) is of the same racial or ethnic heritage as the child, or if that is not possible, who (c) is knowledgeable and appreciative of the child's racial or ethnic heritage. The court may require the county welfare agency to continue efforts to find a guardian of the child's minority racial or minority ethnic heritage when such a guardian is not immediately available. For purposes of this subdivision, "relative" includes members of a child's extended family and important friends with whom the child has resided or had significant contact.

If the child's genetic parent or parents explicitly request that the preference described in clause (a) or in clauses (a) and (b) not be followed, the court shall honor that request consistent with the best interests of the child.

If the child's genetic parent or parents express a preference for placing the child in a foster or adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in clause (a) or (b), the court shall order placement of the child with an individual who meets the genetic parent's religious preference. Only if no individual is available who is described in clause (a) or (b) may the court give preference to an individual described in clause (c) who meets the parent's religious preference.

Sec. 213. Minnesota Statutes 1986, section 268.0111, is amended by adding a subdivision to read:

Subd. 4a. [HOMELESS INDIVIDUAL.] "Homeless individual," or "homeless person" means:

(1) an individual who lacks a fixed, regular, and adequate nighttime residence; or

(2) an individual who has a primary nighttime residence that is:

(i) a supervised publicly or privately operated shelter or dwelling designed to provide temporary living accommodations,

(ii) an institution that provides a temporary residence for individuals intended to be institutionalized, or

(iii) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for humans.

The term homeless individual does not include any individual imprisoned or otherwise detained pursuant to federal or state law.

Sec. 214. [268.0124] [PLAIN LANGUAGE IN WRITTEN MATERIALS.]

(a) To the extent feasible and consistent with the goal of providing easily understandable and readable materials, all written materials relating to services and determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under a program administered or supervised by the commissioner of jobs and training must be understandable to a person who reads at the seventh-grade level, using the Flesch scale analysis readability score as determined under section 72C.09.

(b) All written materials relating to determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under programs administered or supervised by the commissioner of jobs and training must satisfy the plain language requirements of the plain language contract act under sections 325G.29 to 325G.36. Materials may be submitted to the attorney general for review and certification. Notwithstanding section 325G.35, subdivision 1, the attorney general shall review submitted materials to determine whether they comply with the requirements of section 325G.31. The remedies available pursuant to sections 8.31 and 325G.33 to 325G.36 do not apply to these materials. Failure to comply with this section shall not prevent the operation of program laws that are not the subject of the noncomplying materials.

(c) The requirements of this section apply to all materials modified or developed by the commissioner on or after July 1, 1988. The requirements of this section do not apply to materials that must be submitted to a federal agency for approval, to the extent that application of the requirements prevents federal approval.

Sec. 215. [268.39] [LIFE SKILLS AND EMPLOYMENT GRANTS.]

The commissioner may provide grants to organizations for the development and administration of life skills and employment plans

for homeless individuals that reside in residential units constructed or rehabilitated under section 462A.05, subdivision 29. Grants awarded under this section may also be used for the management of these residential units. The organizations that receive grants under this section must coordinate their efforts with organizations that receive grants under section 462A.05, subdivision 29.

A life skill and employment plan must be developed for each tenant residing in a dwelling that receives funding under section 462A.05, subdivision 29. The plan may include preapprentice and apprenticeship training in the area of housing rehabilitation. If preapprentice and apprenticeship training is part of a plan, the organization must consult with labor organizations experienced in working with apprenticeship programs. The completion or compliance with the individual life skill and employment plan must be required for a tenant to remain in a unit constructed or rehabilitated under section 462A.05, subdivision 29.

The application for a grant under this section must include a plan that must provide for:

(1) training for tenants in areas such as cleaning and maintenance, payment of rent, and roommate skills, and

(2) tenant selection and rental policies that insure rental of units to people who are homeless if applicable.

The applicant must provide a proposed occupancy contract if applicable, the name and address of the rental agent if applicable, and other information the commissioner considers necessary with the application.

The commissioner may adopt permanent rules to administer this grant program.

Sec. 216. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 1, is amended to read:

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

(a) "Child care services" means child care provided in family day care homes, group day care homes, nursery schools, day nurseries, child day care centers, play groups, head start, and parent cooperatives, or in the child's home.

(b) "Child" means a person 12 years old or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

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

(d) "Child care" means the care of a child by someone other than a parent or legal guardian in or outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

(e) "County board" means the board of county commissioners in each county.

(f) "Education program" means remedial or basic education or English as a second language instruction, high school education, a program leading to a general equivalency diploma, and post-secondary education excluding post-baccalaureate programs.

(g) "Employment program" means employment of recipients financially eligible for the child care sliding fee program, vocational assessment, and job readiness and job search activities.

(h) "Family" means parents, stepparents, guardians, or other caretaker relatives, and their blood related dependent children and adoptive siblings under the age of 18 years living in the same home including children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities. When a minor parent or parents and his, her, or their children are living with other relatives, and the minor parent or parents apply for a child care subsidy, "family" means only the minor parent or parents and the child or children. An adult may be considered a dependent member of the family unit if 50 percent of the adult's support is being provided by the parents, stepparents, guardians, or other caregiver relatives residing in the same household.

(i) "Human services board" means a board established under section 402.02, Laws 1974, chapter 293, or Laws 1976, chapter 340.

(j) "Income" means earned or unearned income received by all family members 16 years or older, including public assistance benefits, unless specifically excluded. The following are excluded from income: scholarships and grants that cover costs for tuition, fees, books, and educational supplies; student loans for tuition fees, books, supplies, and living expenses; in-kind income such as food stamps, energy assistance, medical assistance, and housing subsidies; income from summer or part-time employment of 16, 17, and 18 year old full-time secondary school students; and nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid.

(k) "Provider" means the child care license holder or the legal nonlicensed caregiver who operates a family day care home, a group family day care home, a day care center, a nursery school, or a day nursery, or who functions in the child's home.

(l) "Post-secondary educational systems" means the University

of Minnesota board of regents, the state university board, the state board for community colleges, and the state board of vocational technical education.

~~(k)~~ (m) "AFDC priority groups" means the recipients defined in section 256.736, subdivision 2a.

~~(l)~~ (n) "AFDC" means aid to families with dependent children.

Sec. 217. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION.] (a) By June 1 of each odd-numbered year, the commissioner shall notify all county and human services boards and post-secondary educational systems of their allocation. If the appropriation is insufficient to meet the needs in all counties, the amount must be prorated among the counties. Each county that receives funds under this section must keep a written record and report to the commissioner the number of eligible families who have applied for a child care subsidy. Counties shall perform a cursory determination of eligibility when a family requests information about child care assistance. A family that appears to be eligible shall be put on a waiting list if funds are not immediately available.

(b) Except for set-aside money allocated under subdivisions 3a, 3b, 3c, and 3d, the commissioner shall allocate money appropriated between the metropolitan area, comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the area outside the metropolitan area so that no more than 55 percent of the total appropriation goes to either area after excluding allocations for statewide administrative costs. The commissioner shall allocate 50 percent of the money among counties on the basis of the number of families below the poverty level, as determined from the most recent special census, and 50 percent on the basis of caseloads of aid to families with dependent children for the preceding fiscal year, as determined by the commissioner of human services.

(c) Once each quarter, the commissioner shall review the use of child care fund allocations by county. In accordance with the formula found in paragraph (b), the commissioner may reallocate unexpended or unencumbered money among those counties who have expended their full portion. Any unexpended money from the first year of the biennium may be carried forward to the second year of the biennium.

Sec. 218. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 3b, is amended to read:

Subd. 3b. [SET-ASIDE MONEY FOR AFDC PRIORITY

GROUPS.] (a) Set-aside money for AFDC priority groups must be allocated among the counties based on the average monthly number of caretakers receiving AFDC under the age of 21 and the average monthly number of AFDC cases open 24 or more consecutive months. For each fiscal year the average monthly caseload shall be based on the 12-month period ending March 31 of the previous fiscal year. The commissioner may reallocate quarterly unexpended or unencumbered set-aside money to counties that expend their full allocation. The county shall use the set-aside money for AFDC priority groups and for former AFDC recipients who (1) have had their child care subsidized under the set-aside for AFDC priority groups; (2) continue to require a child care subsidy in order to remain employed; and (3) are on a waiting list for the basic sliding fee program.

(b) The county shall develop cooperative agreements with the employment and training service provider for coordination of child care funding with employment, training, and education programs for aid to families with dependent children priority groups. The cooperative agreement shall specify that individuals receiving employment, training, and education services under an employability plan from the employment and training service provider shall, as resources permit, be guaranteed set-aside money for child care assistance from the county of their residence.

(c) Counties may contract for administration of the program or may arrange for or contract for child care funds to be used by other appropriate programs, in accordance with this section and as permitted by federal law and regulations.

(d) If the commissioner finds, on or after January 1 of a fiscal year, that set-aside money for AFDC priority groups is not being fully utilized, the commissioner may permit counties to use set-aside money for other eligible applicants, as long as priority for use of the money will continue to be given to the AFDC priority groups.

(e) A county may claim federal reimbursement under the AFDC special needs program for money spent for persons listed in subdivision 3a, clause (1). The commissioner shall allocate any federal earnings to the county. The county shall use the money to expand services to AFDC recipients under the child care sliding fee program.

Sec. 219. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 3c, is amended to read:

Subd. 3c. [SET-ASIDE MONEY FOR AFDC POST-SECONDARY STUDENTS.] (a) For the fiscal year ending June 30, 1988, set-aside money for persons listed in subdivision 3a, clause (2), shall be allocated to the counties based on caseloads of aid to families with dependent children for the preceding fiscal year, as determined by

the commissioner. For succeeding fiscal years, the commissioner shall, in cooperation with the director of the higher education coordinating board, develop a formula for allocation of the funds to counties based on the number of AFDC caretakers in each county who are enrolled at post-secondary institutions.

(b) Money allocated in paragraph (a) must be used for child care expenses of AFDC recipients attending post-secondary educational programs, excluding post-baccalaureate programs, and making satisfactory progress towards completion of the program.

(c) Once each quarter the commissioner shall review the use of child care fund allocations under this subdivision by county. The commissioner may reallocate unexpended or unencumbered money among those counties that have expended their full portion for the purposes of this subdivision.

(d) A county may claim federal reimbursement under the AFDC special needs program for money spent for persons listed in subdivision 3a, clause (2). The commissioner shall allocate any federal earnings to the county. The county shall use the money to expand services to AFDC recipients under the child care sliding fee program.

(e) Recipients of AFDC who have completed their post-secondary education and had received child care funds during that education shall be assured, to the extent of available resources allocations, of sliding fee money for employment programs after graduation if they meet sliding fee program eligibility standards.

Sec. 220. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 3e, is amended to read:

Subd. 3e. [USE OF MONEY.] Money for persons listed in subdivision 3a, clauses (2) and (3), shall be used to reduce the costs of child care for students, including the costs of child care for students while employed if enrolled in an eligible education program at the same time and making satisfactory progress towards completion of the program. The county may plan for and provided child care assistance to persons listed in subdivision 3a, clauses (2) and (3), from the regular sliding fee fund to supplement the set-aside funds. Financially eligible students provided who have received child care assistance for one academic year shall be provided child care assistance in the following academic year, providing they remain financially eligible if funds allocated under subdivision 3c or 3d are available.

Sec. 221. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL ELIGIBILITY.] (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

- (1) receive aid to families with dependent children;
- (2) have household income below the eligibility levels for aid to families with dependent children; or
- (3) have household income within a range established by the commissioner.

(b) Child care services for the families receiving aid to families with dependent children must be made available as in-kind services, to cover any difference between the actual cost and the amount disregarded under the aid to families with dependent children program. Child care services to families whose incomes are below the threshold of eligibility for aid to families with dependent children, but that are not receiving aid to families with dependent children, must be made available without cost to the families.

(c) Child care services to families with incomes in the commissioner's established range must be made available on a sliding fee basis. The lower limit of the sliding fee range must be the eligibility limit for aid to families with dependent children. The upper limit of the range must be neither less than 70 percent nor more than 90 percent of the state median income for a family of four, adjusted for family size.

(d) If a disproportionate amount of the available money is provided to any one of the groups described in subdivision 4, paragraph (a), the county board shall document to the commissioner the reason the group received a disproportionate share. If a county projects that its child care allocation is insufficient to meet the needs of all eligible groups, it may prioritize among the groups to be served. If a county maintains a waiting list of applicants for the sliding fee program, it shall place at the top of the list former AFDC recipients who (1) have had their child care subsidized under the set-aside for AFDC priority groups; (2) continue to require a child care subsidy in order to remain employed; and (3) have been employed for 12 months and, during the 12 months, have had their child care needs paid for out of the set-aside money for AFDC priority groups. Counties shall assure that a person receiving child care assistance from the sliding fee program prior to July 1, 1987, continues to receive assistance, providing the person meets all other eligibility criteria. Set-aside money must be prioritized by the state, and counties do not have discretion over the use of this money.

(e) Annual income of the applicant family is the current monthly income of the family multiplied by 12 or the income for the

12-month period immediately preceding the date of application, whichever provides the most accurate assessment of income available to the family. Self-employment income must be calculated based on gross receipts less operating expenses. Income must be redetermined when the family's income changes, but no less often than every six months. Income must be verified with documentary evidence. If the applicant does not have sufficient evidence of income, verification must be obtained from the source of the income.

Sec. 222. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 12, is amended to read:

Subd. 12. [FAIR HEARING PROCESS.] (a) Applicants and recipients have the option to request the county to conduct a conciliation conference to attempt to resolve complaints arising from any of the following actions:

- (1) a determination of ineligibility for child care assistance;
- (2) unauthorized termination of child care assistance;
- (3) determination of the factors considered in setting the family fee; and
- (4) income redetermination resulting in change of a family fee.

(b) The county shall notify the applicant or the recipient, in writing, of any adverse action. The determination described in paragraph (a), clauses (1) and (3), must include written notice of the applicant's or recipient's right to the election described in paragraph (c), where and how to request the election, the time limit within which to make the request, and the reasons for the determination. Notice of the proposed actions described in paragraph (a), clauses (2) and (4), must be mailed to the applicant or recipient at least 15 calendar days before the effective date of the action. The notice must clearly state what action the county proposes to take, the effective date of the proposed action, the reasons for the proposed action, the necessary corrective measures, the option to request either a conciliation conference or an administrative hearing, where and how to make the request, the time limits within which a request must be made, and the consequence of the action.

(c) An applicant or recipient who receives a determination or notice of proposed action under paragraph (b) must mail or deliver either a written notice of request for a conciliation conference to the administering agency or a written notice of request for the hearing specified under paragraph (c) to the administering agency on or before the effective date of the proposed action or the date specified in the notice, or the action will be final.

(d) The county shall provide a conciliation conference within 30 days of receipt of a written request.

The county shall give the applicant or recipient ten calendar days' notice of the conference date. The applicant or recipient and the county's representative have the right to appear, to bring witnesses, and to submit documentation. The written request and the resolution, if any, of the conference shall be maintained as part of the official record. The county's representative shall issue a written resolution only if mutual agreement is reached between the county's representative and the applicant or recipient. The resolution must be signed by both parties and issued the same day as the conciliation conference is held. Participating in a conciliation conference or signing a resolution does not constitute a waiver of the right to an administrative hearing.

An applicant or recipient may, within 15 calendar days of the conference, mail or deliver a written request to the administering agency for an administrative hearing. Unless an appeal is requested, a determination, proposed action, or resolution of a conciliation conference will be final after the 15-day period has passed.

(e) A fair hearing shall be conducted in the manner prescribed by section 268.10, subdivision 3. A right to review will be provided in accordance with section 268.10, subdivision 5. The proposed action will not take effect until the appeal is decided by the administrative hearing process.

(a) An applicant or recipient adversely affected by a county agency action may request a fair hearing in accordance with section 256.045, subdivision 3.

(b) The county agency shall offer an informal conference to applicants and recipients adversely affected by an agency action to attempt to resolve the dispute. The county agency shall advise adversely affected applicants and recipients that a request for a conference with the agency is optional and shall in no way delay or replace the right to a fair hearing.

Sec. 223. Minnesota Statutes 1986, section 268.911, subdivision 3, is amended to read:

Subd. 3. [PROGRAM SERVICES.] The commissioner may make grants to public or private nonprofit entities to fund child care resource and referral programs. Child care resource and referral programs must serve a defined geographic area.

(a) Each program shall identify all existing child care services through information provided by all relevant public and private agencies in the areas of service, and shall develop a resource file of

the services which shall be maintained and updated at least quarterly. These services must include family day care homes; public and private day care programs; full-time and part-time programs; infant, preschool, and extended care programs; and programs for school age children.

The resource file must include: the type of program, hours of program service, ages of children served, fees, location of the program, eligibility requirements for enrollment, and transportation available to the program. The file may also include program information and special needs services.

(b) Each program shall establish a referral process which responds to parental need for information and which fully recognizes confidentiality rights of parents. The referral process must afford parents maximum access to all referral information. This access must include telephone referral available for no less than 20 hours per week.

Each child care resource and referral agency shall publicize its services through popular media sources, agencies, employers, and other appropriate methods.

(c) Each program shall maintain ongoing documentation of requests for service. All child care resource and referral agencies must maintain documentation of the number of calls and contacts to the child care information and referral agency or component. A program may collect and maintain the following information:

(1) ages of children served;

(2) time category of child care request for each child;

(3) special time category, such as nights, weekends, and swing shift; and

(4) reason that the child care is needed.

(d) Each program shall have available the following information as an educational aid to parents:

(1) information on aspects of evaluating the quality and suitability of child care services, including licensing regulation, financial assistance available, child abuse reporting procedures, appropriate child development information;

(2) information on available parent, early childhood, and family education programs in the community.

(e) A program may provide technical assistance to existing and potential providers of all types of child care services and employers. This assistance shall include:

(1) information on all aspects of initiating new child care services including licensing, zoning, program and budget development, and assistance in finding information from other sources;

(2) information and resources which help existing child care providers to maximize their ability to serve the children and parents of their community;

(3) dissemination of information on current public issues affecting the local and state delivery of child care services;

(4) facilitation of communication between existing child care providers and child-related services in the community served; and

(5) recruitment of licensed providers; and

(6) options, and the benefits available to employers utilizing the various options, to expand child care services to employees.

Services prescribed by this section must be designed to maximize parental choice in the selection of child care and to facilitate the maintenance and development of child care services and resources.

(f) Child care resource and referral information must be provided to all persons requesting services and to all types of child care providers and employers.

(g) Public or private entities may apply to the commissioner for funding. The maximum amount of money which may be awarded to any entity for the provision of service under this subdivision is \$60,000 per year. A local match of up to 25 percent is required.

Sec. 224. Minnesota Statutes 1986, section 326.371, is amended to read:

326.371 [BAN ON LEAD IN PLUMBING.]

Lead pipe, solders, and flux containing more than 0.2 percent lead, and pipes and pipe fittings containing more than eight percent lead shall not be used in any plumbing installation which conveys a potable water supply. A Minnesota seller of lead solder, except for a seller whose primary business is contracting in plumbing, heating, and air conditioning, shall not sell any solder containing 0.2 percent lead unless the seller displays a sign which states,

"Contains Lead

Minnesota law prohibits the use of this solder in any plumbing installation which is connected to a potable water supply."

Sec. 225. Minnesota Statutes 1987 Supplement, section 393.07, subdivision 10, is amended to read:

Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate. The commissioner shall report on the monitoring activities on a county-by-county basis in a report presented to the legislature by July 1 each year. This monitoring activity shall be separate from the management evaluation survey sample required under federal regulations.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) ~~The county welfare board shall participate in a food stamp quality control system subject to the supervision of the commissioner of human services and pursuant to federal regulations.~~

A person who commits any of the following acts has violated section 256.98 and is subject to both the criminal and civil penalties provided under that section:

(1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or intentional concealment of a material fact, food stamps to which the person is not entitled or in an amount greater than that to which that person is entitled; or

(2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

(3) Willfully uses or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law.

Sec. 226. Minnesota Statutes 1987 Supplement, section 393.07, is amended by adding a subdivision to read:

Subd. 11. [TRANSFER OF COUNTY FOOD STAMP QUALITY CONTROL SYSTEM EMPLOYEES.] All positions covered by the Minnesota merit system located in Crow Wing county family social service center and in Redwood county welfare department classified as food stamp corrective action specialist I and II and as financial assistant supervisor I, if such positions supervise food stamp corrective action specialists, shall be transferred to the department of human services and become state civil service positions.

All incumbent employees affected by this transfer, who choose to transfer to state civil service positions in the department of human services, shall be transferred with no reduction in salary. Salaries of individual employees who transfer shall be adjusted to the minimum salary or to the nearest equal or higher step on the state compensation plan for their class, whichever is greater.

Existing sick leave and vacation accruals for an employee who transfers, shall be transferred to the department of human services and the employee shall accrue additional vacation and sick leave under the provisions of the appropriate state collective bargaining agreement based on the employee's years of service in either Crow Wing county family service center or in Redwood county welfare department.

If an employee who transfers chooses to retain the county coverage for employee and dependent health, dental, and life insurance, the department of human services shall reimburse the employee for one month of continued enrollment in the health, dental, and life insurance plans in an amount equal to what the employee's former county employer would have paid for the coverage had the employee remained a county employee, until the employee is eligible for the coverage under the state insurance plans.

Classification seniority for an employee who transfers will be calculated according to the provisions of the appropriate state collective bargaining agreement and based upon the employee's years of service in the county merit system.

Sec. 227. Minnesota Statutes 1986, section 462A.05, is amended by adding a subdivision to read:

Subd. 29. [HOUSING GRANTS FOR HOMELESS INDIVIDUALS.] The agency may provide grants to eligible mortgagors for the purpose of purchasing, rehabilitating, and constructing housing for homeless individuals as defined in section 268.0111, subdivision 4a. The agency may determine the conditions, if any, under which all or a portion of the grant will be repaid and appropriate security, if any, for repayment of the grant. In establishing this grant program, the agency must consult the commissioner of jobs and training. The applicant must consult with advocates for the homeless, representatives from neighborhood groups and representatives of labor organizations in preparing the proposal.

Grants awarded under this section may not exceed \$25,000 per residential unit. Priority must be given to viable proposals with the lowest total cost. Applicants must consider the use of donated or leased, abandoned or empty dwellings owned by a public entity including, but not limited to, a housing redevelopment authority, community development authority, public housing authority, the federal Department of Housing and Urban Development, or the Farmers Home Administration. Any residential unit purchased, rehabilitated, or constructed under this section must be allocated in the following order:

- (1) homeless families with at least one dependent,
- (2) other homeless individuals,
- (3) other very low income families or individuals whose incomes are equal to or less than 30 percent of the median income for the Minneapolis-St. Paul metropolitan area, and
- (4) families or individuals that receive public assistance and do not qualify in any other priority group.

Proposals must include a plan for (a) maintaining the ownership of the property and managing the dwelling for rental to homeless individuals and families and very low income families; (b) selling rehabilitated dwellings to homeless individuals and families or very low income families; or (c) for selling, leasing, or conveying to organizations that will manage the dwelling for rental to homeless individuals and families and very low income families. These organizations may include organizations awarded grants under

section 268.39. The homeless individuals or families or very low income families that may purchase dwellings under (b) must have incomes that are equal to or less than 30 percent of the median income for the Minneapolis-St. Paul metropolitan area.

Eligible mortgagors must demonstrate that the grants awarded under this section will not exceed 50 percent of the project's total cost. A project's total cost includes, but is not limited to, acquisition costs, rehabilitation costs, and related costs. In cases where the property is donated, the acquisition costs are the prerehabilitated estimated market value as established for property tax purposes. Donated property may be used to satisfy the match requirement.

Sec. 228. Minnesota Statutes 1986, section 462A.21, is amended by adding a subdivision to read:

Subd. 14. It may make housing grants for homeless individuals as provided in section 462A.05, subdivision 29, and may pay the costs and expenses for the development and operation of the program.

Sec. 229. Minnesota Statutes 1986, section 609.72, subdivision 1, is amended to read:

Subdivision 1. Whoever does any of the following in a public or private place, knowing, or having reasonable grounds to know that it will, or will tend to, alarm, anger or disturb others or provoke an assault or breach of the peace, is guilty of disorderly conduct, which is a misdemeanor:

(1) Engages in brawling or fighting; or

(2) Disturbs an assembly or meeting, not unlawful in its character; or

(3) Engages in offensive, obscene, or abusive language or in boisterous and noisy conduct tending reasonably to arouse alarm, anger, or resentment in others.

A person does not violate this section if the person's disorderly conduct was caused by an epileptic seizure.

Sec. 230. Minnesota Statutes 1986, section 611A.32, is amended by adding a subdivision to read:

Subd. 1a. [PROGRAM FOR AMERICAN INDIAN WOMEN.] The commissioner shall establish at least one program under this section to provide emergency shelter services and support services to battered American Indian women. The commissioner shall grant continuing operating expenses to the program established under

this subdivision in the same manner as operating expenses are granted to programs established under subdivision 1.

Sec. 231. Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended by Laws 1987, chapter 75, section 1, is amended to read:

Subdivision 1. [RESTRICTED CONSTRUCTION OR MODIFICATION.] Through June 30, 1990, the following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied prior to the date of enactment of this act if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the

reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site prior to the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another, or (iii) redistribution of hospital beds within the state or a region of the state; ~~or~~

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building; or

(9) construction by a psychiatric hospital in Rice county which primarily serves adolescents and which receives more than 70 percent of its patients from outside the state of Minnesota.

Sec. 232. Laws 1987, chapter 337, section 131, is amended to read:

Sec. 131. [REPEALER.]

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

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

~~Section 123 is repealed effective July 1, 1988, if the project implementation phase has not begun by that date.~~

Sec. 233. Laws 1987, chapter 403, article 2, section 34, is amended to read:

Sec. 34. [245.48] [MAINTENANCE OF EFFORT.]

Counties must continue to spend for mental health services according to generally accepted budgeting and accounting principles an amount equal to the total expenditures shown in the county's approved 1987 Community Social Services Act plan under "State CSSA, Title XX and County Tax" for services to persons with mental illness plus the total comparable figure for Rule 5 facilities under

target populations other than mental illness in the approved 1987 CSSA plan.

Sec. 234. Laws 1987, chapter 403, article 4, section 13, is amended to read:

Sec. 13. [STUDY AND REPORT.]

(a) The interagency board for quality assurance shall study the following issues and report to the legislature by December 15, 1988, on its findings and recommendations:

(1) the advisability of changing the definition of "hardship" for purposes of the nursing home moratorium;

(2) the advisability of defining the need for nursing home beds in terms of the population aged 75 and older; and

(3) the existence of a geographic maldistribution of long-term care beds and alternative care services in the state.

(b) In addition to the issues in paragraph (a), the interagency board shall study and make recommendations concerning the policy and fiscal impact of the changes made in Public Law Number 100-203 relating to the elimination of the intermediate care facility certification level in 1990. The interagency board shall consider at least the following: the need for continuation of the services currently offered by certified boarding care home beds, the need for additional beds in state licensed nursing homes, the fiscal impact associated with the reconstruction or replacement of facilities that do not meet nursing home standards, the costs of establishing an alternative funding source for the payment of services currently provided in these facilities, and the need to promulgate licensure standards. If the interagency board recommends that facilities be licensed as nursing homes, the interagency board shall recommend specific procedures for the granting of the licenses and identify methods for the licensing or funding of facilities that may be considered out of compliance with federal law on October 1, 1990. The board shall provide recommendations to the legislature for legislative changes that are necessary to implement the board's recommendations. The costs associated with the board's recommendations must be provided to the commissioner of human services and included in the medical assistance forecast and the agency budget requests for the biennium ending June 30, 1991.

Sec. 235. [MEDICAL SCREENING.]

The commissioner of health shall conduct a medical screening of a sample of people and family members of people who were employed at the Conwed Corporation plant in Cloquet, Minnesota,

from January 1, 1958 to December 31, 1974. The purpose of the screening is to study the existence of asbestos-related diseases among people employed at the plant during that time, evaluate their health care needs, and provide medical and scientific data to coordinate future health screening, counseling, and treatment activities among these people and their families.

Sec. 236. [EXPERTS.]

The commissioner of health may contract with local, state, or nationally recognized experts in the diagnosis and treatment of asbestos-related diseases for medical examinations of workers, scientific evaluations of data and consultations on the screening results.

Sec. 237. [REPORT AND RECOMMENDATIONS.]

The commissioner of health shall present a report and recommendations to the legislature on or before March 1, 1989, based on the findings of the medical screenings specified above. The report shall address, but not be limited to:

(1) the actual and estimated extent and risks of asbestos-related disease among the people screened;

(2) the types of counseling and prevention services that the people screened may need and the methods of administering the services; and

(3) the estimated cost and effectiveness of screening, counseling, and preventive services for people described in section 235 who were not included in the sample of people screened.

Sec. 238. [ENVIRONMENTAL HEALTH FEE ACCOUNT.]

The environmental health fee account is created as a special account in the state treasury. Beginning January 1, 1989, money in the account is continuously appropriated to the commissioner of health to pay for the salaries of positions and expenses related to inspection, licensing, and enforcement activities under Minnesota Statutes, chapters 157 and 327.

Sec. 239. [INCREASE IN FEES.]

For licenses issued for 1989 and succeeding years, the commissioner of health shall increase license fees for facilities licensed under chapters 157 and 327 to a level sufficient to recover all expenses related to the licensing, inspection, and enforcement activities prescribed in those chapters. In calculating the fee increase, the commissioner shall include the salaries and expenses of

5.5 new positions required to meet the inspection frequency prescribed in Minnesota Statutes, section 157.04. An amount sufficient to cover the costs associated with the new positions shall be deposited in the environmental health fee account.

Sec. 240. [RULE CHANGES.]

The commissioner of jobs and training shall adopt rule amendments to Minnesota Rules, chapter 3300, including changes in the allocation formula for funds appropriated for extended employment programs, as necessary to effect the changes required by the legislature in sections 129A.01, subdivisions 5, 6, and 7; 129A.02, subdivision 3; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, 4a, and 5; 129A.09; and 129A.10.

This rule is exempt from the rulemaking provisions of Minnesota Statutes, chapter 14. The commissioner must comply with Minnesota Statutes, section 14.38, subdivision 7, when adopting this rule amendment.

Sec. 241. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute in chapter 129A the term "rehabilitation facility" for the terms "long-term sheltered workshop," "workshop," or "sheltered workshop" in the form appropriate for the context.

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute in chapter 129A the term "extended employment program participant" for the term "sheltered employee" in the form appropriate for the context.

The revisor shall make the substitutions required by this section in other places in Minnesota Statutes where the terms appear if they refer to the subject matter covered by chapter 129A.

Sec. 242. [LOCAL INCOME ASSISTANCE FROM FEDERAL FOOD STAMPS.]

To the extent of available appropriations, the commissioner of human services shall contract with community outreach programs to encourage participation in the food stamp program of seniors, farmers, veterans, unemployed workers, low-income working heads of households, battered women residing in shelters, migrant workers, families with children, and other eligible individuals who are homeless. For purposes of this section, "homeless" means that the individual lacks a fixed and regular nighttime residence or has a primary nighttime residence that is:

- (1) a publicly supervised or privately operated shelter, including a

welfare hotel or congregate shelter, designed to provide temporary living accommodations;

(2) an institution that provides a temporary residence for individuals who will be institutionalized;

(3) a temporary accommodation in the residence of another individual; or

(4) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The commissioner shall seek federal money to equally match or supplement any state money used for grants and contracts under this section. The commissioner shall convene an advisory committee to help establish criteria for awarding grants, to make recommendations regarding grant proposals, to assist in the development of training and educational materials, and to participate in the evaluation of grant programs. The grantees shall provide training for program workers, offer technical assistance, and prepare educational materials. Grantees must demonstrate that grants were used to increase participation in the food stamp program by creating new outreach activities, and not by replacing existing activities. No more than five percent of the appropriation for community outreach programs shall be used by the commissioner for the department's administrative costs. The rulemaking requirements of Minnesota Statutes, chapter 14 do not apply to the procedures used by the commissioner to request and evaluate grant proposals and to award grants and contracts under this section. Distribution of grant money must begin within three months after any transfer of funds from the commissioner of health to the commissioner of human services.

Sec. 243. [FINDINGS.]

The legislature finds that a significant number of state residents do not have access to adequate health care because they cannot afford the cost of health insurance coverage, are not eligible for government health care programs, and are not covered by any government subsidized or employment-based insurance. These residents are often hard working Minnesotans whose wages are not sufficient to pay for health insurance premiums. They are farmers, small business owners, minor children, and elderly persons.

The legislature further finds that the very poor receive subsidized care through medical assistance programs and that most residents who do have health insurance or coverage through a health maintenance organization are covered through employment-based insurance.

The legislature further finds that although charity health care

plays an important role in providing access to health care for persons without access to adequate health care, charity health care cannot continue to provide for the health care needs of these persons as their population continues to grow.

The legislature finds that to assure the continued health and welfare of these persons, it is necessary and desirable to establish a state administered health insurance program. The program shall provide coverage comparable to the coverage provided to state of Minnesota employees. To minimize the fiscal impact to the state in administering such a program, the program must require financial participation from those who are covered based on their ability to pay.

Sec. 244. [TRANSFER FOR ENVIRONMENTAL LABORATORY CERTIFICATION PROGRAM.]

An amount equal to the appropriation from the special revenue fund to the commissioner of health for implementation of the environmental laboratory certification program must be transferred from the laboratory certification account to the special revenue fund by June 30, 1992.

Sec. 245. [DEMONSTRATION PROJECT.]

The commissioner of human services shall establish a demonstration project to increase the independence of people with epilepsy by providing training in independent living. The commissioner shall award a grant for the demonstration project to a nonresidential program that provides medical monitoring and living skills training to people with epilepsy who live independently. The grant awarded under this section shall be used for salaries, administration, transportation, and other program costs.

Sec. 246. [EVALUATION; REPORT.]

The developmental disabilities planning section of the state planning agency shall consult with the commissioner of human services and shall evaluate the effectiveness of the demonstration project in increasing independence of the people with epilepsy who are served by the project. By December 1, 1989, the developmental disabilities planning section shall present a report to the legislature with the evaluation and a recommendation on whether there is a need to continue or expand the program.

Sec. 247. [PURPOSE FOR MINNESOTA INSTITUTE FOR ADDICTION AND STRESS RESEARCH.]

To place Minnesota in a leadership role for neurobiological research of addictive disorders and stress-related diseases, the

legislature finds it necessary to establish a research institute dedicated to clinical and basic scientific investigation of addictive disorders and stress-related diseases. Because of the critical relationship between addictive and stress-related disorders, the institute will study the neurobiological origins of stress and will investigate and develop therapies for other stress-related medical disorders that are not responsive to available medical therapies. Regarding addictive disorders, the institute's primary objective is to develop and test new scientifically based therapy to reduce the rate of recidivism in the addicted population and lower the costs of therapy. Furthermore, the institute will stimulate and attract significant new research activity to Minnesota.

Sec. 248. [LEAD CONTAMINATION; DEMONSTRATION PROJECTS.]

The department of health shall fund and participate in a two-year demonstration project to be undertaken by an organization serving a population at risk from lead contamination to monitor blood lead levels in pregnant women, provide information to pregnant patients about how to avoid high blood lead levels, and to provide intervention for pregnant patients whose blood lead levels exceed 12 micrograms per deciliter. The purpose of the project is to establish an effective prototype method of monitoring, education, and intervention to prevent or reduce high blood lead levels in pregnant women. By November 1, 1990, the center and the department shall report to the legislature on the outcome of the project.

The department shall also fund a project for the purpose of demonstrating the impact on blood lead levels in children, of soil, dust, paint, and interior and exterior lead cleanup and use of educational materials on proper handling of lead paint removal and cleanup. The project must be undertaken by a community based organization and must include:

(1) neighborhood involvement and an educational community outreach component;

(2) a cost-benefit analysis;

(3) planning for a centrally located information and educational center to serve the community; and

(4) a final evaluation on the effectiveness of the project based on routes of exposure, statistical design of the project, and geographical distribution. The project must include cleanup of lead contamination in a targeted portion of a neighborhood with known lead contamination. Cleanup includes soil removal and replacement, landscaping and removal of loose paint. The department shall test children who reside in the project area before cleanup and one year following cleanup for blood lead levels. The evaluation required as

part of the project must be presented to the legislature by January 1, 1990.

Sec. 249. [APPROPRIATION.]

Subdivision 1. The amounts provided in this section are appropriated from the money received before or after the effective date of this section by the governor, the commissioner of finance, or any other state agency as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F.Supp. 586 (D. Kan. 1983) and all other money received after the effective date of this section by any of those entities or agencies, resulting from overcharges by oil companies in violation of federal law.

Subd. 2. One-half of the money received is appropriated to the commissioner of jobs and training for the purposes of the low-income weatherization assistance program.

Subd. 3. \$281,913 is appropriated to the commissioner of administration, for the purposes of a grant to the Lake Isabella Environmental Learning Center. The grant must be used for the installation and operation of a wood burning central heating system located in a manner that allows people to observe and study the usefulness of eliminating the use of fossil fuels as a heat source. The commissioner may enter into an appropriate grant agreement to carry out the terms of the grant.

Subd. 4. \$230,000 is appropriated to the commissioner of administration for the purposes of a grant to the environmental learning center at the Battle Creek Magnet school of the St. Paul school system. The grant must be used for the installation of a Photovoltaic cell project that can be demonstrated to persons in the metropolitan area.

Subd. 5. The remainder of the money referred to in subdivision 1 and not appropriated by subdivision 2, 3, or 4, is appropriated to the legislative commission on Minnesota resources for the purposes of grants to local units of government, school districts, post-secondary institutions, nonprofit organizations, and other individuals and business entities for research resulting in decreased dependence on fossil fuels and for technology transfer projects with the same purpose.

Sec. 250. [PROPOSED RULES SUSPENDED.]

Regulations governing staff ratios in day care centers and educational requirements for day care center staff that are in effect on

January 1, 1988, remain in effect until July 1, 1989. Proposed amendments to the rules are suspended until that date.

Sec. 251. [REPEALER.]

Subdivision 1. Minnesota Statutes 1986, sections 136.26; 144.388; 245.84, subdivision 4; 245.86; 245.87; 246.023, subdivisions 2, 3, 4, and 5; and 257.071, subdivision 6; Minnesota Statutes 1987 Supplement, sections 129A.01, subdivision 8; 129A.07, subdivision 2; 129A.08, subdivision 3; 148B.04, subdivision 1; and 256B.73, subdivision 10, are repealed.

Subd. 2. Section 242 is repealed effective July 1, 1990.

Sec. 252. [EFFECTIVE DATE.]

Subdivision 1. Sections 7, 14, 16, and 18 apply to any policy, plan, or contract issued or renewed on or after the date following final enactment.

Section 17 is effective the day after final enactment except that in the case of a plan maintained under one or more collective bargaining agreements between employee representatives and one or more employers ratified on or before April 7, 1986, section 17 is effective on the earlier of:

(1) the date on which the last of the collective bargaining agreements under which the plan is maintained, which were in effect on April 7, 1986, ends without regard to any extension of the agreement agreed to after April 7, 1986; or

(2) April 7, 1989.

Subd. 2. The changes in section 138, subdivision 1, clauses (6) and (13), are effective February 1, 1989.

Subd. 3. Sections 181 to 192 are effective February 1, 1989.

Subd. 4. Sections 19 to 26, 28 to 32, 240, and 241 are effective the day following final enactment and apply to allocations of funds appropriated for the extended employment programs administered under Minnesota Statutes, chapter 129A, made after July 1, 1988.

Subd. 5. Changes to Minnesota Statutes 1987 Supplement, section 144A.071, subdivision 3, clause (1), in section 40, are effective the day following final enactment.

Subd. 6. Sections 6, 33, 38 to 44, 55, 104 to 106, 234, 239, and 249 are effective the day after final enactment.

Subd. 7. Sections 144 and 145 are effective upon receiving approval of the health care financing administration.

Subd. 8. Sections 225 and 226 are effective June 1, 1989.

Subd. 9. Sections 245 and 246 are effective January 1, 1989."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for human resources and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 3.9223, subdivision 3; 3.9225, subdivision 3; 3.9226, subdivision 3; 62A.54; 62E.04, by adding subdivisions; 129A.02, subdivision 3; 129A.09; 129A.10; 144.053, by adding subdivisions; 144.125; 144A.04, by adding a subdivision; 145.853, subdivision 2; 145.894; 245.771, by adding a subdivision; 245.814, subdivisions 1, 2, and 3; 245.83; 245.84, subdivision 1; 246.023; 248.07, subdivision 7 and 12; 252.291, subdivisions 1 and 2; 256.73, subdivisions 2, 6, and by adding subdivisions; 256.736, by adding subdivisions; 256.76, subdivision 1; 256B.08; 256B.092, subdivisions 5 and 7; 256B.14, subdivision 2; 256B.17, subdivision 7; 256B.431, by adding subdivisions; 256B.501, subdivision 3, and by adding subdivisions; 256B.69, subdivisions 3 and 4; 256D.02, subdivision 7, and by adding a subdivision; 256D.06, by adding a subdivision; 256D.07; 256D.35, by adding a subdivision; 256D.37, subdivision 2, and by adding subdivisions; 256E.12, subdivisions 1 and 2; 256F.03, subdivision 8; 257.071, subdivisions 2 and 3, and by adding a subdivision; 257.072; 260.181, subdivision 3; 268.0111, by adding a subdivision; 268.911, subdivision 3; 326.371; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 609.72, subdivision 1; 611A.32, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.922, subdivision 6; 16B.08, subdivision 7; 16B.61, subdivision 3; 62A.152, subdivision 2; 62A.48, subdivision 7; 62A.50, subdivision 3; 62D.102; 129A.01, subdivisions 5, 6, and 7; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, and 5, and by adding subdivisions; 144A.071, subdivision 3; 144A.073, subdivisions 1, 2, 7, and 8; 148B.23, subdivision 1; 148B.42, subdivision 1; 245.462, subdivisions 3, 4, 6, 17, 18, 19, 20, 21, 23, and 25; 245.465; 245.466, subdivisions 1, 2, and 5; 245.467, by adding subdivisions; 245.469, subdivision 2; 245.471, subdivisions 2 and 3; 245.472, subdivision 2; 245.475, subdivisions 1 and 2; 245.476, subdivision 1; 245.477; 245.478, subdivisions 1, 2, and 9; 245.479; 245.482, subdivision 2; 245.696, subdivision 2; 245.697, subdivision 2, and by adding a subdivision; 245A.09, by adding a subdivision; 248.07, subdivision 8; 252.291, subdivision 3; 252.46, subdivisions 5 and 6, and by adding subdivisions; 253B.03, subdivision 6; 256.015, subdivision 2; 256.736, subdivisions 1b, 4, and 11; 256.936; 256.969, subdivision 3; 256B.02, subdivision 8; 256B.031, subdivision 5; 256B.042, subdivision 2; 256B.06, subdivisions 1 and 4; 256B.091, subdivision 4; 256B.35, subdivision 1; 256B.431, sub-

division 4; 256B.433, subdivision 1; 256B.501, subdivision 1; 256B.73, subdivision 2, and by adding a subdivision; 256D.01, subdivision 1a; 256D.03, subdivision 3; 256D.06, subdivisions 1 and 1b; 256D.37, subdivision 1; 256E.12, subdivision 3; 268.91, subdivisions 1, 3, 3b, 3c, 3e, 4, and 12; 393.07, subdivision 10, and by adding a subdivision; Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended; Laws 1987, chapter 337, section 131; Laws 1987, chapter 403, article 2, section 34; Laws 1987, chapter 403, article 4, section 13; Laws 1987, chapter 403, article 1, section 4, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 62A; 62C; 62D; 144; 145; 152A; 157; 179A; 245; 246; 252; 256; 256B; 256H; 257; and 268; repealing Minnesota Statutes 1986, sections 136.26; 144.388; 245.84, subdivision 4; 245.86; 245.87; and 257.071, subdivision 6; Minnesota Statutes 1987 Supplement, sections 129A.01, subdivision 8; 129A.07, subdivision 2; 129A.08, subdivision 3; 148B.04, subdivision 1; and 256B.73, subdivision 10."

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. 1861, A bill for an act relating to health maintenance organizations; insurance; requiring replacement coverage in the event an HMO cancels coverage; increasing state comprehensive health plan liabilities in the event a member terminates coverage; increasing health maintenance organization notice requirements and annual reporting requirements; amending Minnesota Statutes 1986, sections 62D.07; 62D.08, subdivision 5; 62D.09; 62D.101; 62D.11; 62D.12, subdivision 2, and by adding a subdivision; 62D.17, subdivision 1; 62E.11, by adding subdivisions; 62E.14, subdivisions 1, 3, and by adding a subdivision; 62E.16; Minnesota Statutes 1987 Supplement, sections 62A.17, subdivision 6; and 62D.08, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Laws 1984, chapter 464, sections 29 and 40.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [FINDINGS.]

The legislature finds that access to continuous and uninterrupted health care coverage is necessary for citizens of Minnesota enrolled in health care plans. While Minnesota law requires conversion policies for members of group health plan contracts, no similar right is extended to holders of individual contracts.

The legislature finds it necessary for individual health care coverage policyholders to immediately be afforded the same protections as group contract holders. The legislature further finds that a legal requirement is necessary to protect the access to health care coverage for the citizens of Minnesota who hold individual health care contracts. In view of continuing uncertainty in the marketplace, the legislature finds it necessary to impose this legal requirement on all existing individual contracts the day after enactment, so that no other consumers face a threat to their health care coverage.

Sec. 2. Minnesota Statutes 1987 Supplement, section 62A.17, subdivision 6, is amended to read:

Subd. 6. [CONVERSION TO INDIVIDUAL POLICY.] A group insurance policy that provides posttermination or layoff coverage as required by this section shall also include a provision allowing a covered employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided by subdivision 2 to obtain from the insurer offering the group policy or group subscriber contract, at the employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual policy of insurance or an individual subscriber contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, and a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. A health maintenance contract issued by a health maintenance organization that provides posttermination or layoff coverage as required by this section shall also include a provision allowing a former employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided in subdivision 2 to obtain from the health maintenance organization, at the former employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual health maintenance contract. Effective January 1, 1985, enrollees who have become nonresidents of the health maintenance organization's service area shall be given the option, to be arranged by the health maintenance organization, of a number three qualified plan, a number two qualified plan, or a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3 if an arrangement with an insurer can reasonably be made by the health maintenance organization. This option shall be made available at the enrollee's expense, without further evidence of insurability and without interruption of coverage.

A policy providing reduced benefits at a reduced premium rate

may be accepted by the employee, the spouse, or a dependent in lieu of the optional coverage otherwise required by this subdivision.

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

Sec. 3. Minnesota Statutes 1986, section 62D.07, is amended to read:

62D.07 [EVIDENCE OF COVERAGE.]

Subdivision 1. Every health maintenance organization enrollee residing in this state is entitled to evidence of coverage ~~under a health maintenance or contract~~. The health maintenance organization or its designated representative shall issue the evidence of coverage or contract.

Subd. 2. No evidence of coverage or contract, or amendment thereto shall be issued or delivered to any person in this state until a copy of the form of the evidence of coverage or contract or amendment thereto has been filed with the commissioner of health pursuant to section 62D.03 or 62D.08.

Subd. 3. ~~An evidence~~ Contracts and evidences of coverage shall contain:

(a) No provisions or statements which are unjust, unfair, inequitable, misleading, deceptive, or which are untrue, misleading or deceptive as defined in section 62D.12, subdivision 1; and

(b) A clear, concise and complete statement of:

(1) The health care services and the insurance or other benefits, if any, to which the enrollee is entitled under the health maintenance contract;

(2) Any exclusions or limitations on the services, kind of services, benefits, or kind of benefits, to be provided, including any deductible or copayment feature;

(3) Where and in what manner information is available as to how services, including emergency and out of area services, may be obtained;

(4) The total amount of payment and copayment, if any, for health care services and the indemnity or service benefits, if any, which the enrollee is obligated to pay with respect to individual contracts, or an indication whether the plan is contributory or noncontributory with respect to group certificates; and

(5) A description of the health maintenance organization's method for resolving enrollee complaints and a statement identifying the commissioner as an external source with whom grievances may be registered.

(c) On the cover page of the evidence of coverage and contract, a clear and complete statement of enrollees' rights as consumers, including but not limited to a description of each of the following. The statement must be in bold print and captioned "Important Consumer Information and Enrollee Rights" and must include but not be limited to the following provisions in the following language or in substantially similar language approved in advance by the commissioner:

CONSUMER INFORMATION

(1) COVERED SERVICES: Services provided by (name of health maintenance organization) will be covered only if services are provided by participating (name of health maintenance organization) providers or authorized by (name of health maintenance organization). Your contract fully defines what services are covered and describes procedures you must follow to obtain coverage.

(2) PROVIDERS: Enrolling in (name of health maintenance organization) does not guarantee services by a particular provider on the list of providers. When a provider is no longer part of (name of health maintenance organization), you must choose among remaining (name of health maintenance organization) providers.

(3) REFERRALS: Certain covered benefits are covered only upon referral. See section (section number) of your contract for referral requirements. All referrals to non-(name of health maintenance organization) providers and certain types of health care providers must be authorized by (name of health maintenance organization).

(4) EMERGENCY SERVICES: Emergency services from providers who are not affiliated with (name of health maintenance organization) will be covered only if proper procedures are followed. Your contract explains the procedures and benefits associated with emergency care from (name of health maintenance organization) and non-(name of health maintenance organization) providers.

(5) EXCLUSIONS: Certain services or medical supplies are not

covered. You should read the contract for a detailed explanation of all exclusions.

(6) CONTINUATION: You may convert to an individual health maintenance organization contract or continue coverage under certain circumstances. These continuation and conversion rights are explained fully in your contract.

(7) CANCELLATION: Your coverage may be canceled by you or (name of health maintenance organization) only under certain conditions. Your contract describes all reasons for cancellation of coverage.

ENROLLEE RIGHTS

(1) based upon the delivery system of each health maintenance organization, a statement which describes any type of health care professional as defined in section 145.61, whose services may be available only by referral of the health maintenance organization's participating staff;

(2) Enrollees have the right to available and accessible services which can be secured as promptly as appropriate for the symptoms presented, in a manner which assures continuity and, when medically necessary, the right to including emergency services available, as defined in your contract, 24 hours a day and seven days a week;

(3) (2) Enrollees have the consumer's right to be informed of health problems, and to receive information regarding treatment alternatives and risks which is sufficient to assure informed choice;

(4) (3) Enrollees have the right to refuse treatment; and

(5) the right to privacy of medical and financial records maintained by the health maintenance organization and its health care providers, in accordance with existing law;

(6) (4) Enrollees have the right to file a grievance with the health maintenance organization and the commissioner of health and the right to initiate a legal proceeding when experiencing a problem with the health maintenance organization or its health care providers; and

(7) the right to initiate a legal proceeding when dissatisfied with the health maintenance organization's final determination regarding a grievance;

(8) the right of the enrollee and dependents to continue group coverage in the event the enrollee is terminated or laid off from

employment, provided that the cost of such coverage is paid by the enrollee and furthermore, the right of the enrollee to convert to an individual contract at the end of the continuation period;

(9) the right for notification of enrollees regarding the cancellation or termination of contracts with participating primary care professionals, and the right to choose from among remaining participating primary care professionals;

(10) the right to cancel an individual health maintenance contract within ten days of its receipt and to have premiums paid refunded if, after examination of the contract, the individual is not satisfied with it for any reason. The individual is responsible for repaying the health maintenance organization for any services rendered or claims paid by the health maintenance organization during the ten days; and

(11) (5) Enrollees have the right to a grace period of 31 days for the payment of each premium for an individual health maintenance contract falling due after the first premium during which period the contract shall continue in force.

Subd. 4. Any subsequent approved change in an evidence of coverage shall be issued to each enrollee.

Subd. 5. A grace period of 31 days shall be granted for payment of each premium for an individual health maintenance contract falling due after the first premium, during which period the contract shall continue in force. Individual health maintenance organization contracts shall clearly state the existence of the grace period.

Subd. 6 5. Individual health maintenance contracts shall state that any person entering into an individual health maintenance contract may cancel the contract within ten days of its receipt and to have the premium paid refunded if, after examination of the contract, the individual is not satisfied with it for any reason. The individual is responsible for repaying the health maintenance organization for any services rendered or claims paid by the health maintenance organization during the ten days.

Subd. 6. The contract and evidence of coverage shall clearly explain the conditions upon which a health maintenance organization may terminate coverage.

Subd. 7. The contract and evidence of coverage shall clearly explain continuation and conversion rights afforded to enrollees.

Subd. 8. Individual and group contract holders shall be given 30 days' advance, written notice of any change in subscriber fees or benefits.

Subd. 9. Individual health maintenance organization contracts shall be delivered to enrollees no later than the date coverage is effective. For enrollees with group contracts, an evidence of coverage shall be delivered or issued for delivery not more than 15 days from the date the health maintenance organization is notified of the enrollment or the effective date of coverage, whichever is later.

Subd. 10. An individual health maintenance organization contract and an evidence of coverage must contain a department of health telephone number that the enrollee can call to register a complaint about a health maintenance organization.

Sec. 4. Minnesota Statutes 1987 Supplement, section 62D.08, subdivision 3, is amended to read:

Subd. 3. Such report shall be on forms prescribed by the commissioner of health, and shall include:

(a) A financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant, reflecting at least (1) all prepayment and other payments received for health care services rendered, (2) expenditures to all providers, by classes or groups of providers, and insurance companies or nonprofit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract, (3) expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation or purchase of facilities and capital equipment, and (4) a supplementary statement of assets, liabilities, premium revenue, and expenditures for risk sharing business under section 62D.04, subdivision 1, on forms prescribed by the commissioner;

(b) The number of new enrollees enrolled during the year, the number of group enrollees and the number of individual enrollees as of the end of the year and the number of enrollees terminated during the year;

(c) A summary of information compiled pursuant to section 62D.04, subdivision 1, clause (c) in such form as may be required by the commissioner of health;

(d) A report of the names and addresses of all persons set forth in section 62D.03, subdivision 4, clause (c) who were associated with the health maintenance organization or the major participating entity during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to the health maintenance organization or the major participating entity, as those services relate to the health maintenance organization, including a full disclosure of all financial arrangements during

the preceding year required to be disclosed pursuant to section 62D.03, subdivision 4, clause (d); ~~and~~

(e) A separate report addressing health maintenance contracts sold to individuals covered by Medicare, Title XVIII of the Social Security Act, as amended, including the information required under section 62D.30, subdivision 6; and

(f) Such other information relating to the performance of the health maintenance organization as is reasonably necessary to enable the commissioner of health to carry out the duties under sections 62D.01 to 62D.29.

Sec. 5. Minnesota Statutes 1986, section 62D.08, subdivision 5, is amended to read:

Subd. 5. Every health maintenance organization shall inform the commissioner of any change in the information described in section 62D.03, subdivision 4, clause (e), including any change in address, any modification of the duration of any contract or agreement, and any addition to the list of participating entities, within ten working days of the notification of the change. Any cancellation or discontinuance of any contract or agreement listed in section 62D.03, subdivision 4, clause (e), or listed subsequently in accordance with this subdivision, shall be reported to the commissioner ~~within seven~~ 120 days before the effective date. When the health maintenance organization terminates a provider for cause, death, disability, or loss of license, the health maintenance organization must notify the commissioner within three working days of the date the health maintenance organization sends out or receives the notice of cancellation or, discontinuance, or termination. Any health maintenance organization which fails to notify the commissioner within the time periods prescribed in this subdivision shall be subject to the levy of a fine up to \$100 per contract for each day the notice is past due, accruing up to the date the organization notifies the commissioner of the cancellation or discontinuance. Any fine levied under this subdivision is subject to the contested case and judicial review provisions of chapter 14. The levy of a fine does not preclude the commissioner from using other penalties described in sections 62D.15 to 62D.17.

Sec. 6. Minnesota Statutes 1986, section 62D.09, is amended to read:

62D.09 [INFORMATION TO ENROLLEES.]

Subdivision 1. Any written marketing materials which may be directed toward potential enrollees and which include a detailed description of benefits provided by the health maintenance organization shall include a statement of consumer information and rights as described in section 62D.07, subdivision 3, paragraph (c).

Subd. 2. The application for coverage by the health maintenance organization shall be accompanied by the statement of consumer information and rights as described in section 62D.07, subdivision 3, paragraph (c).

Subd. 3. Every health maintenance organization or its representative shall annually, before June 1, provide to its enrollees the following: (1) a summary of its most recent annual financial statement including a balance sheet and statement of receipts and disbursements; (2) a description of the health maintenance organization, its health care plan or plans, its facilities and personnel, any material changes therein since the last report; (3) the current evidence of coverage or contract; and (4) a statement of consumer information and rights as described in section 62D.07, subdivision 3, paragraph (c).

Subd. 4. Health maintenance organizations which issue contracts to persons who are covered by Title XVIII of the Social Security Act (Medicare) must give the applicant, at the time of application, an outline containing at least the following information:

(1) a description of the principal benefits and coverage provided in the contract;

(2) a statement of the exceptions, reductions, and limitations contained in the contract;

(3) the following language: "This contract does not cover all skilled nursing home care or home care services and does not cover custodial or residential nursing care. Read your contract carefully to determine which nursing home facilities and home care services are covered by your contract, and what procedures you must follow to receive these benefits.";

(4) a statement of the renewal provisions including any reservation by the health maintenance organization of the right to change fees;

(5) a statement that the outline of coverage is a summary of the contract issued or applied for and that the contract should be read to determine governing contractual provisions; and

(6) a statement explaining that the enrollee's Medicare coverage is altered by enrollment with the health maintenance organization, if applicable.

Subd. 5. Each health maintenance organization shall issue a membership card to its enrollees. The membership card must contain identification of the health maintenance organization including the name, address, and telephone number; the telephone

number to call to receive authorization for emergency care; and the telephone number to call if an enrollee has a complaint.

Subd. 6. Health maintenance organizations shall provide enrollees with a list of the names and locations of participating providers to whom enrollees have direct access without referral no later than the effective date of enrollment or date the evidence of coverage is issued and upon request. Health maintenance organizations need not provide the names of their employed providers.

Subd. 7. Any list of providers issued by the health maintenance organization shall include the date the list was published and contain a bold type notice in a prominent location on the list of providers with the following language, or substantially similar language approved in advance by the commissioner:

"Enrolling in (name of health maintenance organization) does not guarantee services by a particular provider on this list. If you wish to be certain of receiving care from a specific provider listed, you should contact that provider to ask whether or not he or she is still a (name of health maintenance organization) provider and whether or not he or she is accepting additional patients."

Subd. 8. Any written marketing materials, excluding billboards, must state in bold print: "THIS IS ONLY A SUMMARY OF THE (name of health maintenance organization) PROGRAM. YOU MUST READ YOUR CONTRACT FOR A DETAILED EXPLANATION OF BENEFITS, COSTS, EXCLUSIONS, ELIGIBILITY, AND COVERAGE."

Sec. 7. Minnesota Statutes 1986, section 62D.101, is amended to read:

62D.101 [CONTINUATION AND CONVERSION PRIVILEGES FOR FORMER SPOUSES AND CHILDREN.]

Subdivision 1. [TERMINATION OF COVERAGE.] No health maintenance contract which, in addition to covering an enrollee, also covers the enrollee's spouse shall contain a provision for termination of coverage for a spouse covered under the health maintenance contract solely as a result of a break in the marital relationship ~~except by reason of an entry of a valid decree of dissolution of marriage between the parties.~~

Subd. 2. [CONVERSION PRIVILEGE.] Every health maintenance contract, as described in subdivision 1 shall contain a provision allowing a former spouse and dependent children of an enrollee, without providing evidence of insurability, to obtain from the health maintenance organization at the expiration of any continuation of coverage required under subdivision 2a or ~~section~~ sections 62A.146

and 9, or upon termination of coverage by reason of an entry of a valid decree of dissolution which does not require the health maintenance organization to provide continued coverage for the former spouse, an individual health maintenance contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the health maintenance organization within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate fee. A contract providing reduced benefits at a reduced fee may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision. The individual health maintenance contract shall be renewable at the option of the former spouse as long as the former spouse is not covered under another qualified plan as defined in section 62E.02, subdivision 4, up to age 65 or to the day before the date of eligibility for coverage under title XVIII of the Social Security Act, as amended. Any revisions in the table of rate for the individual contract shall apply to the former spouse's original age at entry, and shall apply equally to all similar contracts issued by the health maintenance organization.

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

(a) The date of remarriage of either the enrollee or the enrollee's former spouse the enrollee's former spouse becomes covered under another group plan or Medicare; or

(b) The date coverage would otherwise terminate under the health maintenance contract.

If coverage is provided under a group policy, any required premium contributions for the coverage shall be paid by the enrollee on a monthly basis to the group contract holder to be paid to the health maintenance organization. In no event shall the fee charged exceed 102 percent of the cost to the plan for the period of coverage for other similarly situated spouses and dependent children when the marital relationship has not dissolved, regardless of whether the cost is paid by the employer or employee.

Subd. 3. [APPLICATION.] Subdivision 1 applies to every health maintenance contract which is delivered, issued for delivery, renewed or amended on or after July 19, 1977.

Subdivisions 2 and 2a apply to every health maintenance contract which is delivered, issued for delivery, renewed, or amended on or after March 1, 1983.

Sec. 8. [62D.104] [REQUIRED OUT-OF-AREA CONVERSION.]

Enrollees who have individual health maintenance organization contracts and who have become nonresidents of the health maintenance organization's service area shall be given the option, to be arranged by the health maintenance organization if an agreement with an insurer can reasonably be made, of a number three qualified plan, a number two qualified plan, or a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, or, if such enrollees are covered by Title XVIII of the Social Security Act (Medicare), they shall be given the option of a Medicare supplement plan as provided by sections 62A.31 to 62A.35.

This option shall be made available at the enrollee's expense, without further evidence of insurability and without interruption of coverage.

If a health maintenance organization cannot make arrangements for conversion coverage, the health maintenance organization shall notify enrollees of health plans available in other service areas.

Sec. 9. [62D.105] [COVERAGE OF CURRENT SPOUSE AND CHILDREN.]

Subdivision 1. [REQUIREMENT.] Every health maintenance contract, which in addition to covering the enrollee also provides coverage to the spouse and dependent children of the enrollee shall: (1) permit the spouse and dependent children to elect to continue coverage when the enrollee becomes enrolled for benefits under Title XVIII of the Social Security Act (Medicare); and (2) permit the dependent children to continue coverage when they cease to be dependent children under the generally applicable requirement of the plan.

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

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

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

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

If coverage is provided under a group policy, any required fees for the coverage shall be paid by the enrollee on a monthly basis to the group contract holder for remittance to the health maintenance organization. In no event shall the fee charged exceed 102 percent of the cost to the plan for such coverage for other similarly situated spouse and dependent children to whom subdivision 1 is not applicable, without regard to whether such cost is paid by the employer or employee.

Sec. 10. Minnesota Statutes 1986, section 62D.11, is amended to read:

62D.11 [COMPLAINT SYSTEM.]

Subdivision 1. Every health maintenance organization shall establish and maintain a complaint system including an impartial arbitration provision, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning the provision of health care services. "Provision of health services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. Arbitration shall be subject to chapter 572, except (a) in the event that an enrollee elects to litigate a complaint prior to submission to arbitration, and (b) no medical malpractice damage claim shall be subject to arbitration unless agreed to by both parties subsequent to the event giving rise to the claim.

Subd. 1a. Where a complaint involves a dispute about a health maintenance organization's coverage of an immediately and urgently needed service, the commissioner may either (a) review the complaint and any information and testimony necessary in order to make a determination and order the appropriate remedy pursuant to sections 62D.15 to 62D.17, or (b) order the health maintenance organization to use an expedited system to process the complaint.

Subd. 2. The health maintenance organization shall maintain a record of each written complaint filed with it for ~~three~~ five years and the commissioner of health shall have access to the records.

Sec. 11. Minnesota Statutes 1986, section 62D.12, subdivision 2, is amended to read:

Subd. 2. No health maintenance organization may cancel or fail to renew the coverage of an enrollee except for (a) failure to pay the charge for health care coverage; (b) termination of the health care plan; (c) termination of the group plan; (d) enrollee moving out of the area served, subject to section 62A.17, subdivisions 1 and 6, and section 8; (e) enrollee moving out of an eligible group, subject to section 62A.17, subdivisions 1 and 6, and section 8; (f) failure to make copayments required by the health care plan; or (g) other

reasons established in rules promulgated by the commissioner of health.

An enrollee Subd. 2a. Enrollees shall be given 30 days notice of any cancellation or nonrenewal, except that enrollees who are eligible to receive replacement coverage under section 12, subdivision 1, shall receive 90 days notice as provided under section 12, subdivision 5.

Sec. 12. [62D.121] [REQUIRED REPLACEMENT COVERAGE.]

Subdivision 1. When membership of an enrollee who has individual health coverage is terminated by the health maintenance organization for a reason other than (a) failure to pay the charge for health care coverage; (b) failure to make copayments required by the health care plan; (c) enrollee moving out of the area served; or (d) a materially false statement or misrepresentation by the enrollee in the application for membership, the health maintenance organization must offer or arrange to offer replacement coverage, without evidence of insurability, without preexisting condition exclusions, and without interruption of coverage.

Subd. 2. If the health maintenance organization has terminated individuals from coverage in a service area, the replacement coverage shall be health maintenance organization coverage issued by the health maintenance organization terminating coverage unless the health maintenance organization can demonstrate to the commissioner that offering health maintenance organization replacement coverage would not be feasible. In making the determination, the commissioner shall consider (1) loss ratios and forecasts, (2) lack of agreements between health care providers and the health maintenance organization to offer that product, (3) evidence of anticipated premium needs compared with established rates, (4) the financial impact of the replacement coverage on the overall financial solvency of the plan, and (5) the cost to the enrollee of health maintenance organization replacement coverage as compared to cost to the enrollee of the replacement coverage required under subdivision 3 of this section.

Subd. 3. If replacement coverage is not provided by the health maintenance organization, as explained under subdivision 2, the replacement coverage shall provide, for enrollees covered by Title XVIII of the Social Security Act, coverage at least equivalent to a Medicare supplement two plan as defined in section 62A.34, except that the replacement coverage shall also cover the liability for any Medicare Part A and Part B deductible as defined under Title XVIII of the Social Security Act. After satisfaction of the Medicare Part B deductible, the replacement coverage shall be based on 120 percent of the Medicare Part B eligible expenses less the Medicare Part B payment amount. The fee or premium of the replacement coverage shall not exceed the premium charged by the state comprehensive

health plan as established under section 62E.08, for a qualified Medicare supplement plan. All enrollees not covered by Medicare shall be given the option of a number three qualified plan or a number two qualified plan as defined in section 62E.06, subdivisions 1 and 2, for replacement coverage. The fee or premium for a number three qualified plan shall not exceed 125 percent of the average of rates charged by the five insurers with the largest number of individuals in a number three qualified plan of insurance in force in Minnesota. The fee or premium for a number two qualified plan shall not exceed 125 percent of the average of rates charged by the five insurers with the largest number of individuals in a number two qualified plan of insurance in force in Minnesota.

If the replacement coverage is health maintenance organization coverage, the fee shall not exceed 125 percent of the cost of the average fee charged by health maintenance organizations for a similar health plan. The commissioner of health will determine the average cost of the plan on the basis of information provided annually by the health maintenance organizations concerning the rates charged by the health maintenance organizations for the plans offered.

Subd. 4. The commissioner will approve or disapprove the replacement coverage within 30 days. A health maintenance organization shall not give enrollees a notice of cancellation of coverage until a replacement policy has been filed with the commissioner and approved or disapproved.

Subd. 5. The health maintenance organization must provide the terminated enrollees with a notice of cancellation 90 days before the date the cancellation takes effect. If the replacement coverage is approved by the commissioner under subdivision 4, the notice shall clearly and completely describe the replacement coverage that the enrollees are eligible to receive and explain the procedure for enrolling. If the replacement coverage is not approved by the commissioner, the health maintenance organization shall provide a cancellation notice with information that the enrollee is entitled to enroll in the state comprehensive health insurance plan with a waiver of the waiting period for preexisting conditions under section 62E.14, subdivisions 1, paragraph (e), and 5.

Subd. 6. [GEOGRAPHIC ACCESSIBILITY.] If the commissioner determines that there are not enough providers to assure that enrollees have accessible health services available in a geographic service area, the commissioner shall institute a plan of corrective action that shall be followed by the health maintenance organization. Such a plan may include but not be limited to requiring the health maintenance organization to make payments to nonparticipating providers for health services for enrollees, requiring the health maintenance organization to discontinue accepting new enrollees in that service area, and requiring the health maintenance

organization to reduce its geographic service area. If a nonparticipating provider has been a participating provider with the health maintenance organization within the last year, any payments made under this section must not exceed the payment level of the previous contract.

Sec. 13. [62D.122] [MEDIATION.]

When current parties to a health maintenance organization contract between providers of health care services and the health maintenance organization believe they will be unable to reach agreement on the terms of renewal or maintenance of the agreement, either party may request the commissioner of health to order that the dispute be submitted to mediation. The parties to the dispute shall enter mediation upon the order of the commissioner of health. The commissioner shall order mediation if failure to reach agreement would significantly impair access to health care services on the part of current enrollees of that health maintenance organization. In determining whether access to health care services for current enrollees will be significantly impaired, the commissioner shall consider:

(1) the number of enrollees affected,

(2) the ability of the plan to make alternate arrangements with other participating providers for the provision of health care services to the affected enrollees,

(3) the availability of nonparticipating providers who may become participating providers for those with whom the health maintenance organization is in dispute, and

(4) the time remaining until termination of the provider contract.

When mediation is ordered by the commissioner, the dispute shall be submitted to the office of administrative hearings for mediation. Costs of the mediation shall be borne by the health maintenance organization and the providers.

Sec. 14. Minnesota Statutes 1986, section 62D.17, subdivision 1, is amended to read:

Subdivision 1. The commissioner of health may, for any violation of statute or rule applicable to a health maintenance organization, or in lieu of suspension or revocation of a certificate of authority under section 62D.15, levy an administrative penalty in an amount up to \$10,000 for each violation. In the case of contracts or agreements made pursuant to section 62D.05, subdivisions 2 to 4, each contract or agreement entered into or implemented in a manner which violates sections 62D.01 to 62D.29 shall be considered a

separate violation. Reasonable notice in writing to the health maintenance organization shall be given of the intent to levy the penalty and the reasons therefor, and the health maintenance organization may have a reasonable time 15 days within which to remedy the defect in its operations which gave rise to the penalty citation, or have file a written request for an administrative hearing and review of the commissioner of health's determination. Such administrative hearing shall be subject to judicial review pursuant to chapter 14.

Sec. 15. Minnesota Statutes 1986, section 62D.17, is amended by adding a subdivision to read:

Subd. 6. [FULL PAYMENT REQUIRED; INTEREST ON UNPAID CHARGES.] A health maintenance organization shall provide payment consistent with contractual requirements to any participating pharmacy for services rendered as part of a contract with the organization. Clean claims, as defined in Code of Federal Regulations, title 42, section 447.45(d) must be paid within 30 days of acceptance of the claim or be subject to interest charged at the rate established by the commissioner of revenue under section 270.75.

Sec. 16. Minnesota Statutes 1986, section 62D.20, is amended to read:

62D.20 [RULES.]

Subdivision 1. The commissioner of health may, pursuant to chapter 14, promulgate such reasonable rules as are necessary or proper to carry out the provisions of sections 62D.01 to 62D.29. Included among such rules shall be those which provide minimum requirements for the provision of comprehensive health maintenance services, as defined in section 62D.02, subdivision 7, and reasonable exclusions therefrom. Nothing in such rules shall force or require a health maintenance organization to provide elective, induced abortions, except as medically necessary to prevent the death of the mother, whether performed in a hospital, other abortion facility, or the office of a physician; the rules shall provide every health maintenance organization the option of excluding or including elective, induced abortions, except as medically necessary to prevent the death of the mother, as part of its comprehensive health maintenance services.

Subd. 2. The commissioner shall adopt rules that address the issue of appropriate prior authorization requirements, considering consumer needs, administrative concerns, and the nature of the benefit.

Sec. 17. Minnesota Statutes 1986, section 62E.11, is amended by adding a subdivision to read:

Subd. 9. Each contributing member that terminates individual health coverage regulated under chapter 62A, 62C, 62D, or 64B for reasons other than (a) nonpayment of premium; (b) failure to make copayments; (c) enrollee moving out of the area served; (d) a materially false statement or misrepresentation by the enrollee in the application for membership; or (e) a loss of providers in a health maintenance organization service area; and does not provide or arrange for replacement coverage that meets the requirements of section 12, subdivision 3; shall pay a special assessment to the state plan based upon the number of terminated individuals who join the comprehensive health insurance plan as authorized under section 62E.14, subdivision 1, paragraph (e), and section 21. Such a contributing member shall pay the association an amount equal to the average cost of an enrollee in the state plan in the year in which the member terminated enrollees, multiplied by the total number of terminated enrollees who enroll in the state plan.

The average cost of an enrollee in the state comprehensive health insurance plan shall be determined by dividing the state plan's total annual losses by the total number of enrollees from that year. This cost will be assessed to the contributing member who has terminated health coverage before the association makes the annual determination of each contributing member's liability as required under this section.

Sec. 18. Minnesota Statutes 1986, section 62E.11, is amended by adding a subdivision to read:

Subd. 10. Any contributing members who have terminated individual health plans and do not provide or arrange for replacement coverage that meets the requirements of section 12, subdivision 3, and whose former insureds or enrollees enroll in the state comprehensive health insurance plan with a waiver of the preexisting conditions pursuant to section 62E.14, subdivision 1, paragraph (e), and section 21, will be liable for the costs of any preexisting conditions of their former enrollees or insureds treated during the first six months of coverage under the state plan. The liability for preexisting conditions will be assessed before the association makes the annual determination of each contributing member's liability as required under this section.

Sec. 19. Minnesota Statutes 1986, section 62E.14, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATE, CONTENTS.] The comprehensive health insurance plan shall be open for enrollment by eligible persons. An eligible person shall enroll by submission of a certificate of eligibility to the writing carrier. The certificate shall provide the following:

(a) Name, address, age, and length of time at residence of the applicant;

(b) Name, address, and age of spouse and children if any, if they are to be insured;

(c) Evidence of rejection, a requirement of restrictive riders, a rate up, or a preexisting conditions limitation on a qualified plan, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk, by at least one association members within six months of the date of the certificate, or other eligibility requirements adopted by rule by the commissioner which are not inconsistent with this chapter and which evidence that a person is unable to obtain coverage substantially similar to that which may be obtained by a person who is considered a standard risk;

(d) Evidence that the applicant meets the eligibility requirements of section 62E.081, subdivision 1; and

(e) If the applicant has been terminated from individual health coverage which does not provide replacement coverage, evidence that no replacement coverage that meets the requirements of section 12, subdivision 3, was offered, and evidence of termination of individual health coverage by an insurer, nonprofit health service plan corporation, or health maintenance organization provided that the contract or policy has been terminated for reasons other than (1) failure to pay the charge for health care coverage; (2) failure to make copayments required by the health care plan; (3) enrollee moving out of the area served; or (4) a materially false statement or misrepresentation by the enrollee in the application for membership; and

(f) A designation of the coverage desired.

An eligible person may not purchase more than one policy from the state plan. Upon ceasing to be a resident of Minnesota a person is no longer eligible to purchase or renew coverage under the state plan.

Sec. 20. Minnesota Statutes 1986, section 62E.14, subdivision 3, is amended to read:

Subd. 3. [PREEXISTING CONDITIONS.] No person who obtains coverage pursuant to this section shall be covered for any preexisting condition during the first six months of coverage under the state plan if the person was diagnosed or treated for that condition during the 90 days immediately preceding the filing of an application except as provided under subdivisions 4 and 5, and section 21.

Sec. 21. Minnesota Statutes 1986, section 62E.14, is amended by adding a subdivision to read:

Subd. 6. A Minnesota resident who holds an individual health maintenance contract, individual nonprofit health service corporation contract, or an individual insurance policy previously approved by the commissioners of health or commerce, may enroll in the comprehensive health insurance plan with a waiver of the preexisting condition as described in subdivision 3, without interruption in coverage, provided (1) no replacement coverage that meets the requirements of section 12, subdivision 3, was offered by the contributing member, and (2) the policy or contract has been terminated for reasons other than (a) nonpayment of premium; (b) failure to make copayments required by the health care plan; (c) moving out of the area served; or (d) a materially false statement or misrepresentation by the enrollee in the application for membership; and, provided further, that the option to enroll in the plan is exercised within 30 days of termination of the existing policy or contract.

Coverage allowed under this section is effective on the date of termination, when the contract or policy is terminated and the enrollee has completed the proper application and paid the required premium or fee.

Expenses incurred from the preexisting conditions of individuals enrolled in the state plan under this subdivision must be paid by the contributing member canceling coverage as set forth in section 18.

The application must include evidence of termination of the existing policy or certificate as required in subdivision 1.

Sec. 22. Minnesota Statutes 1986, section 62E.16, is amended to read:

62E.16 [CONVERSION PRIVILEGES.]

Every program of self-insurance, policy of group accident and health insurance or contract of coverage by a health maintenance organization written or renewed in this state, shall include, in addition to the provisions required by section 62A.17, the right to convert to an individual coverage qualified plan without the addition of underwriting restrictions if the individual insured leaves the group regardless of the reason for leaving the group, or upon cancellation or termination of the coverage for the group except where uninterrupted and continuous group coverage is otherwise provided to the group. If the health maintenance organization has canceled coverage for the group because of a loss of providers in a service area, the health maintenance organization shall arrange for other health maintenance or indemnity conversion options that shall be offered to enrollees without the addition of underwriting

restrictions. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. The person may exercise this right to conversion within 30 days of leaving the group or within 30 days following receipt of due notice of cancellation or termination of coverage of the group and upon payment of premiums from the date of termination or cancellation. Due notice of cancellation or termination of coverage for a group shall be provided to each employee having coverage in the group by the insurer, self-insurer or health maintenance organization canceling or terminating the coverage except where reasonable evidence indicates that uninterrupted and continuous group coverage is otherwise provided to the group. Every employer having a policy of group accident and health insurance, group subscriber or contract of coverage by a health maintenance organization shall, upon request, provide the insurer or health maintenance organization a list of the names and addresses of covered employees. Plans of health coverage shall also include a provision which, upon the death of the individual in whose name the contract was issued, permits every other individual then covered under the contract to elect, within the period specified in the contract, to continue coverage under the same or a different contract without the addition of underwriting restrictions until the individual would have ceased to have been entitled to coverage had the individual in whose name the contract was issued lived. An individual conversion contract issued by a health maintenance organization shall not be deemed to be an individual enrollment contract for the purposes of section 62D.10.

Sec. 23. [COMMISSION ON HEALTH PLAN REGULATORY REFORM.]

The commission on health plan regulatory reform created in Laws 1987, chapter 370, article 1, section 11, shall make recommendations for expedited review mechanisms for complaints concerning health maintenance organization coverage of an immediately and urgently needed service.

Sec. 24. [REPEALER.]

Laws 1984, chapter 464, sections 29 and 40, are repealed. Section 13 is repealed June 30, 1990.

Sec. 25. [EFFECTIVE DATE.]

Sections 11, 12, 13, 17, 18, 19, 20, 21, and 22 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to health maintenance organizations; insurance; requiring replacement coverage in the event an HMO

cancels coverage; increasing state comprehensive health plan liabilities in the event a member terminates coverage; allowing for mediation of disputes about health maintenance organization agreements; allowing interest on unpaid charges; increasing health maintenance organization notice requirements and annual reporting requirements; amending Minnesota Statutes 1986, sections 62D.07; 62D.08, subdivision 5; 62D.09; 62D.101; 62D.11; 62D.12, subdivision 2; 62D.17, subdivision 1, and by adding a subdivision; 62D.20; 62E.11, by adding subdivisions; 62E.14, subdivisions 1, 3, and by adding a subdivision; 62E.16; Minnesota Statutes 1987 Supplement, sections 62A.17, subdivision 6; and 62D.08, subdivision 3; proposing coding for new law in Minnesota Statutes; chapter 62D; repealing Laws 1984, chapter 464, sections 29 and 40."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 2126 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 1861 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Anderson, G., for the Committee on Appropriations, introduced:

H. F. No. 2788, A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; requiring studies and reports; providing for certain funds, accounts, and fees; amending Minnesota Statutes 1986, sections 174.32, subdivision 2; 473.386, by adding a subdivision; and 611A.71, subdivisions 1 and 4; Minnesota Statutes 1987 Supplement, sections 171.29, subdivision 2; and 473.17; Laws 1987, chapter 358, section 2, subdivisions 1 and 7; proposing coding for new law in Minnesota Statutes, chapter 138.

The bill was read for the first time and laid over one day.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Anderson, G., requested immediate consideration of H. F. No. 2306.

H. F. No. 2306, A bill for an act relating to bonds; authorizing the Minnesota public facilities authority to issue revenue bonds and make loans to or purchase the bonds of municipalities for wastewater treatment and water supply systems; amending Minnesota Statutes 1987 Supplement, sections 446A.04, by adding subdivisions; 446A.05, subdivision 1; and proposing coding for new law in Minnesota Statutes, chapter 446A.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 1526 was reported to the House.

Bauerly and Uphus moved to amend H. F. No. 1526, the first engrossment, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1986, section 168.011, subdivision 4, is amended to read:

Subd. 4. [MOTOR VEHICLE.]

(a) "Motor vehicle" means any self-propelled vehicle not operated exclusively upon railroad tracks and any vehicle propelled or drawn by a self-propelled vehicle and includes vehicles known as trackless trolleys which are propelled by electric power obtained from overhead trolley wires but not operated upon rails, except snowmobiles and manufactured homes.

(b) "Motor vehicle" also includes an all-terrain vehicle, as defined in section 84.92, subdivision 8, which (1) has at least four wheels, (2) is owned and operated by a physically handicapped person, and (3) displays both physically-handicapped license plates and a physically-handicapped certificate issued under section 169.345, subdivision 3. After July 31, 1985,

(c) Motor vehicle does not include a ~~three-wheel off road~~ an all-terrain vehicle as defined in section 84.92, subdivision 8; except (1) an all-terrain vehicle described in clause (b), or (2) that if the three-wheel off road an all-terrain vehicle was licensed as a motor vehicle before August 1, 1985, in which case the owner may continue to license it as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter."

Renumber the remaining sections

Page 3, delete line 4 and insert "Section 1 is effective the day following final enactment. Sections 2 and 3 are effective July 1, 1988."

Amend the title as follows:

Page 1, line 2, after the semicolon insert "defining motor vehicle;"

Page 1, line 4, delete "section" and insert "sections 168.011, subdivision 4; and"

The motion prevailed and the amendment was adopted.

H. F. No. 1526, A bill for an act relating to transportation; defining

motor vehicle; providing for brakes on motor vehicles manufactured after June 30, 1988; amending Minnesota Statutes 1986, sections 168.011, subdivision 4; and 169.67, subdivisions 3 and 4.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The Speaker called Long to the Chair.

H. F. No. 1469, A bill for an act relating to traffic regulations; providing for restrictions on vehicles transporting firewood on highways; amending Minnesota Statutes 1986, sections 169.80, subdivision 1; and 169.81, by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 93 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Battaglia	Forsythe	Knickerbocker	Onnen	Seaberg
Bauerly	Frederick	Knuth	Orenstein	Segal
Beard	Greenfield	Kostohryz	Otis	Shaver
Begich	Gruenes	Krueger	Ozment	Steensma
Bertram	Gutknecht	Larsen	Pappas	Swenson
Blatz	Heap	Lieder	Pauly	Tjornhom
Boo	Himle	Long	Pelowski	Tompkins
Brown	Hugoson	Marsh	Peterson	Trimble
Burger	Jacobs	McDonald	Price	Tunheim
Carlson, L.	Jefferson	McEachern	Redalen	Uphus
Carruthers	Jensen	McKasy	Reding	Valento
Clark	Johnson, A.	McLaughlin	Rest	Vellenga
Clausnitzer	Johnson, R.	Murphy	Rice	Wagenius
Cooper	Johnson, V.	Nelson, C.	Riveness	Wenzel
Dauner	Kahn	O'Connor	Rodosovich	Winter
Dawkins	Kalis	Olsen, S.	Rose	Wynia
DeBlick	Kelly	Olson, E.	Sarna	Spk. Vanasek
Dempsey	Kelso	Olson, K.	Schafer	
Dille	Kinkel	Omann	Schreiber	

Those who voted in the negative were:

Anderson, G.	McPherson	Neuenschwander	Simoneau	Waltman
Anderson, R.	Milbert	Ogren	Solberg	
Dorn	Miller	Quinn	Sparby	
Kludd	Minne	Quist	Svigggum	
Lasley	Nelson, K.	Rukavina	Voss	

The bill was passed and its title agreed to.

H. F. No. 1848 was reported to the House.

Jefferson moved that H. F. No. 1848 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2446, A bill for an act relating to St. Louis county; providing duties of the county board and the county administrator; regulating finances; providing for property assessments; repealing obsolete laws; amending Minnesota Statutes 1986, sections 383C.031; 383C.034; 383C.091; 383C.094, subdivision 1; 383C.131; 383C.133, subdivision 1; 383C.135; 383C.16; 383C.161; 383C.162; 383C.17; 383C.231, subdivision 1; 383C.232; 383C.26; 383C.261; 383C.36; 383C.422; 383C.482, subdivision 1; 383C.74, subdivision 1; 383C.75; and 383C.78, subdivision 2; Minnesota Statutes 1987 Supplement, section 383C.035; proposing coding for new law in Minnesota Statutes, chapter 383C; repealing Minnesota Statutes 1986, section 383C.075; 383C.076; 383C.095; 383C.132; 383C.13; 383C.133; 383C.171; 383C.174; 383C.175; 383C.20; 383C.202; 383C.203; 383C.291; 383C.292; 383C.339; 383C.361; 383C.362; 383C.363; 383C.392, subdivision 2; 383C.423; 383C.424; 383C.45; 383C.481; 383C.52; 383C.521; 383C.523; 383C.55; 383C.551; 383C.552; 383C.553; 383C.554; 383C.555, subdivision 2; 383C.556; 383C.557; 383C.61; 383C.611; 383C.612; 383C.613; 383C.64;

383C.641; 383C.642; 383C.643; 383C.644; 383C.645; 383C.646; 383C.647; 383C.648; 383C.649; 383C.65; 383C.651; 383C.66; 383C.67; 383C.671; 383C.672; 383C.673; 383C.674; 383C.675; 383C.676; 383C.677; 383C.77; 383C.80; 383C.801; 383C.802; 383C.803; 383C.804; and 383C.805; Minnesota Statutes 1987 Supplement, section 383C.76.

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

The bill was passed and its title agreed to.

H. F. No. 1493 was reported to the House.

Dempsey moved that H. F. No. 1493 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2450, A bill for an act relating to agriculture; requiring certain entities with interests in agricultural lands or operations to file reports; providing a penalty; amending Minnesota Statutes 1986, section 500.24, subdivision 4.

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

The question was taken on the passage of the bill and the roll was called. There were 86 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Lieder	Olson, K.	Seaberg
Battaglia	Jefferson	Long	Omann	Segal
Bauerly	Jensen	McEachern	Orenstein	Simoneau
Beard	Johnson, A.	McKasy	Osthoff	Skoglund
Begich	Johnson, R.	McLaughlin	Otis	Solberg
Bertram	Kahn	Milbert	Pappas	Sparby
Brown	Kalis	Minne	Peterson	Steensma
Carlson, L.	Kelly	Munger	Price	Tompkins
Carruthers	Kelso	Murphy	Quinn	Trimble
Clark	Kinkel	Nelson, C.	Reding	Tunheim
Cooper	Kludd	Nelson, D.	Rest	Vellenga
Dauner	Knickerbocker	Nelson, K.	Rice	Voss
Dawkins	Knuth	Neuenschwander	Riveness	Wagenius
DeBlicck	Kostohryz	O'Connor	Rodosovich	Welle
Dille	Krueger	Ogren	Rukavina	Wenzel
Greenfield	Larsen	Olsen, S.	Sarna	Winter
Jacobs	Lasley	Olson, E.	Scheid	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Bennett	Forsythe	Hugoson	Pauly	Schreiber
Bishop	Frederick	Johnson, V.	Pelowski	Shaver
Blatz	Frerichs	Marsh	Poppenhagen	Sviggun
Boo	Gruenes	McDonald	Quist	Swenson
Carlson, D.	Gutknecht	McPherson	Redalen	Thiede
Clausnitzer	Hartle	Miller	Richter	Tjornhom
Dempsey	Haukoos	Onnen	Rose	Uphus
Dorn	Himle	Ozment	Schafer	Valento
				Waltman

The bill was passed and its title agreed to.

H. F. No. 2514 was reported to the House.

Carruthers moved that H. F. No. 2514 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2481, A bill for an act relating to local government; the city of Cook, the city of Orr, and Koochiching and St. Louis counties; providing for the establishment of a hospital district in portions of those counties.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2088 was reported to the House.

Winter moved to amend H. F. No. 2088, the first engrossment, as follows:

Page 1, line 18, delete "the right of first refusal in"

Page 1, line 19, delete "United States Code, Title 12, section 2219a, has occurred,"

A roll call was requested and properly seconded.

The question was taken on the Winter amendment and the roll was called. There were 78 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dawkins	Kalis	McLaughlin	Olson, K.
Battaglia	DeBlicke	Kelly	Milbert	Orenstein
Bauerly	Dorn	Kelso	Minne	Osthoff
Beard	Greenfield	Kinkel	Munger	Otis
Begich	Jacobs	Kludt	Murphy	Pappas
Bertram	Jaros	Knuth	Nelson, C.	Pelowski
Brown	Jefferson	Kostohryz	Nelson, D.	Peterson
Carlson, L.	Jennings	Krueger	Nelson, K.	Quinn
Carruthers	Jensen	Larsen	Neuenschwander	Reding
Clark	Johnson, A.	Lasley	O'Connor	Rest
Cooper	Johnson, R.	Long	Ogren	Riveness
Dauner	Kahn	McEachern	Olson, E.	Rukavina

Sarna	Simoneau	Steensma	Voss	Wynia
Scheid	Skoglund	Trimble	Wagenius	Spk. Vanasek
Seaberg	Solberg	Tunheim	Wenzel	
Segal	Sparby	Vellenga	Winter	

Those who voted in the negative were:

Bennett	Frerichs	Knickerbocker	Onnen	Schreiber
Bishop	Gruenes	Marsh	Ozment	Shaver
Burger	Gutknecht	McDonald	Pauly	Sviggum
Carlson, D.	Hartle	McKasy	Poppenhagen	Thiede
Clausnitzer	Haukoos	McPherson	Quist	Tjornhom
Dempsey	Heap	Miller	Redalen	Tompkins
Dille	Himle	Morrison	Richter	Uphus
Forsythe	Hugoson	Olsen, S.	Rose	Valento
Frederick	Johnson, V.	Omann	Schafer	Waltman

The motion prevailed and the amendment was adopted.

Peterson was excused between the hours of 4:10 p.m. and 6:35 p.m.

H. F. No. 2088, A bill for an act relating to agriculture; protecting certain persons from eviction from agricultural land for a limited time; amending Minnesota Statutes 1986, section 500.24, by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 75 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Battaglia	Greenfield	Kostohryz	Ogren	Scheid
Bauerly	Jacobs	Krueger	Olson, E.	Segal
Beard	Jaros	Larsen	Olson, K.	Simoneau
Begich	Jefferson	Lasley	Omann	Skoglund
Bertram	Jennings	Lieder	Orenstein	Solberg
Brown	Jensen	Long	Otis	Sparby
Carlson, L.	Johnson, A.	McLaughlin	Pappas	Steensma
Carruthers	Johnson, R.	Milbert	Pelowski	Trimble
Clark	Kahn	Minne	Price	Tunheim
Cooper	Kalis	Munger	Quinn	Vellenga
Dauner	Kelly	Murphy	Reding	Voss
Dawkins	Kelso	Nelson, C.	Rice	Wenzel
DeBlieck	Kinkel	Nelson, D.	Rodosovich	Winter
Dorn	Kludt	Nelson, K.	Rukavina	Wynia
Frederick	Knuth	O'Connor	Sarna	Spk. Vanasek

Those who voted in the negative were:

Anderson, G.	Boo	Dempsey	Gutknecht	Himle
Anderson, R.	Burger	Forsythe	Hartle	Hugoson
Bennett	Carlson, D.	Frerichs	Haukoos	Johnson, V.
Blatz	Clausnitzer	Gruenes	Heap	Knickerbocker

Marsh	Neuenschwander	Poppenhagen	Schreiber	Tjornhom
McDonald	Olsen, S.	Quist	Seaberg	Tompkins
McKasy	Onnen	Redalen	Shaver	Uphus
McPherson	Osthoff	Richter	Sviggum	Valento
Miller	Ozment	Rose	Swenson	Waltman
Morrison	Pauly	Schafer	Thiede	

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

S. F. No. 1622 was reported to the House.

Sparby moved to amend S. F. No. 1622, the unofficial engrossment, as follows:

Page 3, delete lines 19 to 23

The motion prevailed and the amendment was adopted.

S. F. No. 1622, A bill for an act relating to agriculture; clarifying which debtors are eligible for mediation; amending Minnesota Statutes 1986, section 583.24, subdivision 2.

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

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

Those who voted in the affirmative were:

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

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

S. F. No. 1644, A bill for an act relating to statutes; revising the text of certain laws to remove redundant and obsolete language, to simplify grammar and syntax, and to improve the style of language without causing changes in the meaning of the laws; amending Minnesota Statutes 1986, chapters 3, as amended; 31A; 227; 228; 306, as amended; 451; 456; and 560.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2134, A bill for an act relating to real property; requiring recordation of transfers of contracts for deed; providing penalties; amending Minnesota Statutes 1986, section 507.235.

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

The bill was passed and its title agreed to.

H. F. No. 2228, A bill for an act relating to education; establishing a records destruction schedule for chemical abuse preassessment teams; requiring law enforcement reports of certain violations to preassessment teams; amending Minnesota Statutes 1987 Supplement, sections 126.034; 126.035; 126.037; and 260.161, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 126; repealing Minnesota Statutes 1987 Supplement, section 126.033, subdivision 4.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Boo	Dawkins	Gutknecht	Jensen
Anderson, R.	Brown	DeBlick	Hartle	Johnson, A.
Battaglia	Burger	Dempsey	Haukoos	Johnson, R.
Bauerly	Carlson, D.	Dille	Heap	Johnson, V.
Beard	Carlson, L.	Dorn	Himle	Kahn
Begich	Carruthers	Forsythe	Hugoson	Kalis
Bennett	Clark	Frederick	Jacobs	Kelly
Bertram	Clausnitzer	Frerichs	Jaros	Kelso
Bishop	Cooper	Greenfield	Jefferson	Kinkel
Blatz	Dauner	Gruenes	Jennings	Kludt

Knickerbocker	Minne	Osthoff	Rodosovich	Swenson
Knuth	Morrison	Otis	Rose	Thiede
Kostohryz	Munger	Ozment	Rukavina	Tjornhom
Krueger	Murphy	Pappas	Sarna	Tompkins
Larsen	Nelson, C.	Pauly	Schafer	Trimble
Lasley	Nelson, D.	Pelowski	Scheid	Tunheim
Lieder	Nelson, K.	Poppenhagen	Schreiber	Uphus
Long	Neuenschwander	Price	Seaberg	Valento
Marsh	O'Connor	Quinn	Segal	Vellenga
McDonald	Ogren	Quist	Shaver	Voss
McEachern	Olsen, S.	Redalen	Simoneau	Wagenius
McKasy	Olson, E.	Reding	Skoglund	Waltman
McLaughlin	Olson, K.	Rest	Solberg	Welle
McPherson	Omann	Rice	Sparby	Wenzel
Milbert	Onnen	Richter	Steensma	Winter
Miller	Orenstein	Riveness	Sviggum	Wynia
				Spk. Vanasek

The bill was passed and its title agreed to.

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

H. F. No. 2629, A bill for an act relating to minerals; authorizing the commissioner of natural resources to lease certain severed mineral interests; amending Minnesota Statutes 1986, section 93.55, subdivisions 1, 3, and by adding a subdivision.

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

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

Those who voted in the affirmative were:

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

Wagenius
Waltman

Welle
Wenzel

Winter
Wynia

Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1872 was reported to the House.

Jefferson moved that H. F. No. 1872 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2341 was reported to the House.

Forsythe moved to amend H. F. No. 2341, the first engrossment, as follows:

Page 4, line 19, delete "section 93" and insert "article 3, section 94"

The motion prevailed and the amendment was adopted.

H. F. No. 2341, A bill for an act relating to child support; authorizing parties to waive automatic income withholding when there is a child support or maintenance order; providing that a court shall stay service of an automatic withholding order if an obligor establishes an escrow account for payment of child support or maintenance; amending Minnesota Statutes 1987 Supplement, section 518.613, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 518.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

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

H. F. No. 1674 was reported to the House.

Bauerly moved that H. F. No. 1674 be returned to General Orders. The motion prevailed.

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

H. F. No. 2086 was reported to the House.

Bennett and Simoneau moved to amend H. F. No. 2086, the first engrossment, as follows:

Page 2, after line 32, insert:

"Subd. 7. [NONAPPLICATION.] This section does not apply to a sale or transfer of a motor vehicle for the purpose of scrapping, dismantling, or destroying it."

The motion prevailed and the amendment was adopted.

H. F. No. 2086, A bill for an act relating to motor vehicles; removing language regarding restricted gasoline fill pipes; amending Minnesota Statutes 1986, section 325E.0951.

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

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

Those who voted in the affirmative were:

Anderson, G.	Begich	Blatz	Carlson, D.	Clausnitzer
Battaglia	Bennett	Boo	Carlson, L.	Cooper
Bauerly	Bertram	Brown	Carruthers	Dauner
Beard	Bishop	Burger	Clark	Dawkins

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

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

H. F. No. 2477 was reported to the House.

Reding moved to amend H. F. No. 2477, the first engrossment, as follows:

Page 1, after line 12, insert:

"Section 1. Minnesota Statutes 1987 Supplement, section 352.85, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; RETIREMENT ANNUITY.] Any person who is employed by the department of military affairs other than as a full-time firefighter, who is covered by the general employee retirement plan of the system as provided in section 352.01, subdivision 23, who is ordered to active duty under section 190.08, subdivision 3, who elects this special retirement coverage under subdivision 4, who is required to retire from federal military status at the an age of 60 years earlier than age 65 by applicable federal laws or regulations and who terminates employment as a state employee upon attaining that mandatory retirement age is entitled, upon application, to a retirement annuity computed in accordance with section 352.115, subdivisions 2 and 3, without any reduction for early retirement under section 352.116, subdivision 1.

Sec. 2. Minnesota Statutes 1987 Supplement, section 352.85, subdivision 2, is amended to read:

Subd. 2. [DISABILITY BENEFIT.] An employee described in subdivision 1, who is less than 60 years of the applicable federal military status mandatory retirement age and who becomes dis-

abled and physically or mentally unfit to perform occupational duties due to injury, sickness, or other disability, and who is found disqualified for retention on active duty as a result of a physical examination required by applicable federal laws or regulations, is entitled upon application to disability benefits computed in the manner specified in section 352.113. Disability benefits are otherwise governed by section 352.113, except that the age for the termination of the disability benefit is 60 years the applicable federal military status mandatory retirement age."

Page 5, line 4, delete "5" and insert "7"

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 2477, A bill for an act relating to retirement; local government correctional service retirement plan; clarifying coverage periods; adjusting member and employer contribution rates; clarifying annuity calculations for fractional service; clarifying the duration of initial annuity payments; providing for the augmentation of deferred annuities; clarifying certain provisions of law relating to retirement annuities and disability benefits of military affairs personnel; amending Minnesota Statutes 1987 Supplement, sections 352.85, subdivisions 1 and 2; 353C.03; 353C.05; 353C.06, subdivisions 3 and 4; and 353C.07.

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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DeBlieck	Johnson, A.	McEachern	Omann
Battaglia	Dempsey	Johnson, R.	McKasy	Onnen
Bauerly	Dille	Johnson, V.	McLaughlin	Orenstein
Beard	Dorn	Kahn	McPherson	Osthoff
Begich	Forsythe	Kalis	Milbert	Otis
Bennett	Frederick	Kelly	Miller	Ozment
Bertram	Greenfield	Kelso	Minne	Pappas
Blatz	Gruenes	Kinkel	Morrison	Pauly
Boo	Gutknecht	Kludt	Munger	Pelowski
Brown	Hartle	Knickerbocker	Murphy	Poppenhagen
Burger	Haukoos	Knuth	Nelson, C.	Price
Carlson, D.	Heap	Kostohryz	Nelson, D.	Quinn
Carlson, L.	Himle	Krueger	Nelson, K.	Redalen
Carruthers	Hugoson	Larsen	Neuenschwander	Reding
Clark	Jacobs	Lasley	O'Connor	Rest
Clausnitzer	Jaros	Lieder	Ogren	Rice
Cooper	Jefferson	Long	Olsen, S.	Richter
Dauner	Jennings	Marsh	Olson, E.	Riveness
Dawkins	Jensen	McDonald	Olson, K.	Rodosovich

Rukavina	Segal	Sviggum	Tunheim	Waltman
Sarna	Shaver	Swenson	Uphus	Welle
Schafer	Simoneau	Thiede	Valento	Wenzel
Scheid	Skoglund	Tjornhom	Vellenga	Winter
Schreiber	Solberg	Tompkins	Voss	Wynia
Seaberg	Steensma	Trimble	Wagenius	Spk. Vanasek

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

H. F. No. 2252, A bill for an act relating to state lands; conveying certain lands to the city of Brooklyn Center in Hennepin county.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2172, A bill for an act relating to retirement; state university and community college supplemental plan; permitting the boards to act through designees in authorizing accelerated withdrawals; amending Minnesota Statutes 1986, section 43A.27, by adding a subdivision; Minnesota Statutes 1987 Supplement, section 136.82, subdivision 1.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 2264 was reported to the House.

There being no objection, S. F. No. 2264 was continued on Special Orders for one day.

H. F. No. 2250 was reported to the House.

Jefferson moved that H. F. No. 2250 be re-referred to the Committee on Appropriations. The motion prevailed.

Wynia 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 Speaker pro tempore Long.

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

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Wynia, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders for immediate consideration today, Thursday, March 24, 1988:

H. F. Nos. 704, 1736, 2006, 2108 and 2192; S. F. No. 2134; H. F. Nos. 2540 and 2546; S. F. No. 1607; H. F. No. 2317; and S. F. Nos. 321 and 1223.

SPECIAL ORDERS, Continued

H. F. No. 704 was reported to the House.

Rest and Hartle moved to amend H. F. No. 704, the second engrossment, as follows:

Page 8, after line 22, insert:

"Sec. 7. [IGNITION INTERLOCK DEVICES; STUDY AND REPORT REQUIRED.]

Subdivision 1. [DEFINITION.] As used in this section, "ignition interlock device" means breath alcohol ignition equipment designed to prevent the operation of a motor vehicle by a person whose alcohol concentration exceeds a designated level.

Subd. 2. [STUDY AND REPORT BY DEPARTMENT OF PUBLIC SAFETY.] The department of public safety shall study the use of ignition interlock devices in other states and report its findings to the legislature by January 1, 1989. The department's report shall address, but need not be limited to, the following questions:

(a) Does the use of ignition interlock devices have a demonstrated effect on the incidence of repeat drunk driving offenses?

(b) Should the use of ignition interlock devices be mandated for all

convicted drunk drivers, or should their use be a discretionary matter for the courts and the department of public safety?

(c) What technical or operational problems do ignition interlock devices present and how can these problems best be resolved?

(d) What process and criteria should the state adopt to certify ignition interlock devices?

(e) Who should bear the responsibility for paying for the installation of ignition interlock devices?"

Renumber the remaining section

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "requiring the department to study the use in other states of ignition interlock devices;"

The motion prevailed and the amendment was adopted.

Orenstein, Rest and Nelson, D., moved to amend H. F. No. 704, the second engrossment, as amended, as follows:

Page 8, after line 22, insert:

"Sec. 7. Minnesota Statutes 1986, section 169.121, subdivision 3a, as added by Laws 1988, chapter 408, section 1, is amended to read:

Subd. 3a. [HABITUAL OFFENDER PENALTIES.] (a) If a person has been convicted under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them, and if the person is then convicted of violating this section or an ordinance in conformity with it (1) once within five years after the first conviction or (2) two or more times within ten years after the first conviction, the person must be sentenced to a minimum of 30 days imprisonment or to eight hours of community work service for each day less than 30 days that the person is ordered to serve in jail. Notwithstanding section 609.135, the above sentence must be executed, unless the court departs from the mandatory minimum sentence under paragraph (b) or (c).

(b) Prior to sentencing the prosecutor files may file a motion to have the defendant sentenced without regard to the mandatory minimum sentence established by this subdivision. The motion must be accompanied by a statement on the record of the reasons for it. When presented with the prosecutor's motion and if it finds that substantial mitigating factors exist, the court shall sentence the

defendant without regard to the mandatory minimum term of imprisonment established by this subdivision.

(c) The court may, on its own motion, sentence the defendant without regard to the mandatory minimum term of imprisonment established by this subdivision if it finds that substantial mitigating factors exist and if its sentencing departure is accompanied by a statement on the record of the reasons for it.

(d) When any portion of the sentence required by this subdivision is not executed, the court should impose a sentence that is proportional to the extent of the offender's prior criminal and moving traffic violation record."

Renumber the remaining sections in sequence

Correct internal cross references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

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

Rest moved that H. F. No. 704, as amended, be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1736 was reported to the House.

Krueger moved that H. F. No. 1736 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2006, A bill for an act relating to crimes; providing for the admissibility of certain evidence in domestic violence cases; requiring prosecutors to notify domestic violence victims of a decision to decline prosecution or to dismiss criminal charges; requiring peace officers to inform domestic violence victims of the prosecutor's notification duty; amending Minnesota Statutes 1986, section 629.341, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 609 and 611A.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2108, A bill for an act relating to state government; ratifying labor agreements, compensation plans, and salaries for state employees, and salaries for certain employees of metropolitan agencies; limiting the number of highway patrol supervisors; amending Minnesota Statutes 1986, section 299D.03, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 123 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Dempsey	Heap	Kalis
Anderson, R.	Burger	DeRaad	Himle	Kelly
Battaglia	Carlson, D.	Dille	Hugoson	Kelso
Bauerly	Carlson, L.	Dorn	Jacobs	Kinkel
Beard	Carruthers	Forsythe	Jaros	Kludt
Begich	Clark	Frederick	Jefferson	Knickerbocker
Bennett	Clausnitzer	Frerichs	Jensen	Knuth
Bertram	Cooper	Greenfield	Johnson, A.	Kostohryz
Bishop	Dauner	Gruenes	Johnson, R.	Krueger
Blatz	Dawkins	Hartle	Johnson, V.	Larsen
Boo	DeBlick	Haukoos	Kahn	Lasley

Lieder	Nelson, D.	Pauly	Schafer	Tunheim
Long	Nelson, K.	Pelowski	Seaberg	Uphus
Marsh	Neuenschwander	Poppenhagen	Segal	Valento
McDonald	O'Connor	Price	Simoneau	Vellenga
McEachern	Ogren	Quinn	Skoglund	Voss
McKasy	Olsen, S.	Redalen	Solberg	Wagenius
McLaughlin	Olson, E.	Reding	Sparby	Waltman
McPherson	Olson, K.	Rest	Steensma	Welle
Milbert	Omman	Rice	Swiggum	Wenzel
Miller	Onnen	Richter	Swenson	Winter
Morrison	Orenstein	Riveness	Thiede	Wynia
Munger	Osthoff	Rodosovich	Tjornhom	Spk. Vanasek
Murphy	Otis	Rukavina	Tompkins	
Nelson, C.	Ozment	Sarna	Trimble	

Those who voted in the negative were:

Jennings Schreiber

The bill was passed and its title agreed to.

H. F. No. 2192, A bill for an act relating to transportation; providing for application of rules; providing for agreements with other states to administer special permits for vehicles exceeding weight and length restrictions; exempting limousines from motor carrier regulation; clarifying the filing of petitions for operating certificates and permits, carrying of cab cards, and requirements for private carriers; establishing insurance requirements; providing that investigative data on violations under chapter 221 may be given to transportation regulation board; amending Minnesota Statutes 1986, sections 169.86, by adding a subdivision; 221.025; 221.031, subdivisions 1, 2, 2a, and 3; 221.081; 221.121, subdivisions 1 and 5; 221.141, subdivision 1; 221.151, subdivision 1; 221.172, subdivision 2; 221.185, subdivision 9; 221.291, subdivisions 1 and 2; 221.296, subdivisions 4 and 8; and 221.81, subdivision 3a; Minnesota Statutes 1987 Supplement, sections 221.031, subdivision 7; 221.061; 221.291, subdivision 3; and 221.296, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 169 and 221; repealing Minnesota Statutes 1986, section 13.72, subdivision 3.

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

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

Those who voted in the affirmative were:

Anderson, G.	Bertram	Carruthers	Dempsey	Greenfield
Anderson, R.	Bishop	Clark	DeRaad	Gruenes
Battaglia	Blatz	Clausnitzer	Dille	Gutknecht
Bauerly	Brown	Cooper	Dorn	Hartle
Beard	Burger	Dauner	Forsythe	Haukoos
Begich	Carlson, D.	Dawkins	Frederick	Heap
Bennett	Carlson, L.	DeBlieck	Frerichs	Himle

Hugoson	Larsen	O'Connor	Rest	Thiede
Jacobs	Lasley	Ogren	Rice	Tjornhom
Jaros	Lieder	Olsen, S.	Richter	Tompkins
Jefferson	Long	Olson, E.	Riveness	Trimble
Jennings	Marsh	Olson, K.	Rodosovich	Tunheim
Jensen	McDonald	Omnn	Rukavina	Uphus
Johnson, A.	McEachern	Onnen	Sarna	Valento
Johnson, R.	McKasy	Orenstein	Schafer	Vellenga
Johnson, V.	McLaughlin	Osthoff	Schreiber	Voss
Kahn	McPherson	Otis	Seaberg	Wagenius
Kalis	Milbert	Ozment	Segal	Waltman
Kelly	Miller	Pappas	Shaver	Welle
Kelso	Morrison	Pauly	Simoneau	Wenzel
Kinkel	Munger	Pelowski	Skoglund	Winter
Kludt	Murphy	Poppenhagen	Solberg	Wynia
Knickerbocker	Nelson, C.	Price	Sparby	Spk. Vanasek
Knuth	Nelson, D.	Quinn	Steensma	
Kostohryz	Nelson, K.	Redalen	Sviggum	
Krueger	Neuenschwander	Reding	Swenson	

The bill was passed and its title agreed to.

S. F. No. 2134 was reported to the House.

Rukavina moved to amend S. F. No. 2134, as follows:

Page 1, line 9, delete "69N" and insert "60N"

The motion prevailed and the amendment was adopted.

S. F. No. 2134, A bill for an act relating to St. Louis county; requiring a polling place at a certain location.

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

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

Those who voted in the affirmative were:

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

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

Those who voted in the negative were:

Himle

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

H. F. No. 2546, A bill for an act relating to commerce; regulating preparation of certain information for membership camping contract applications and subdivider qualification statements; prohibiting certain misleading and deceptive practices; prohibiting advance payments relating to resale of time share property interests; amending Minnesota Statutes 1986, sections 83.29, subdivisions 2 and 5; and 83.44; Minnesota Statutes 1987 Supplement, sections 82A.04, subdivision 2; 82A.09, subdivision 3; and 83.23, subdivision 3; repealing Minnesota Statutes 1986, section 82A.09, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	DeRaad	Kalis	Munger	Quinn
Anderson, R.	Dille	Kelly	Murphy	Redalen
Battaglia	Dorn	Kelso	Nelson, C.	Reding
Bauerly	Forsythe	Kinkel	Nelson, D.	Rest
Begich	Frederick	Kludt	Nelson, K.	Rice
Bennett	Frerichs	Knickerbocker	Neuenschwander	Richter
Bertram	Greenfield	Knuth	O'Connor	Riveness
Bishop	Gruenes	Kostohryz	Ogren	Rodosovich
Blatz	Gutknecht	Krueger	Olsen, S.	Rukavina
Boo	Hartle	Larsen	Olson, E.	Sarna
Brown	Haukoos	Lasley	Olson, K.	Schafer
Burger	Heap	Lieder	Omann	Schreiber
Carlson, D.	Himle	Long	Onnen	Seaberg
Carlson, L.	Hugoson	Marsh	Orenstein	Segal
Carruthers	Jacobs	McDonald	Osthoff	Shaver
Clark	Jaros	McEachern	Otis	Simoneau
Clausnitzer	Jefferson	McKasy	Ozment	Skoglund
Cooper	Jennings	McLaughlin	Pappas	Solberg
Dauner	Jensen	McPherson	Pauly	Sparby
Dawkins	Johnson, A.	Milbert	Pelowski	Steensma
DeBlick	Johnson, R.	Miller	Poppenhagen	Svigum
Dempsey	Johnson, V.	Morrison	Price	Swenson

Thiede	Tunheim	Voss	Wenzel
Tjornhom	Uphus	Wagenius	Winter
Tompkins	Valento	Waltman	Wynia
Trimble	Vellenga	Welle	Spk. Vanasek

The bill was passed and its title agreed to.

S. F. No. 1607, A bill for an act relating to the city of Minneapolis; providing for the appointment, compensation, and liability of certain city employees and contractors; amending Laws 1969, chapter 937, section 1, subdivision 9, as amended, and 9a; Laws 1980, chapter 607, article 15, section 21; and Laws 1987, chapter 55, section 2.

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

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

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Rice

The bill was passed and its title agreed to.

H. F. No. 2317, A bill for an act relating to education; providing for

use of certain revenues in the independent school district No. 710 bond redemption fund; amending Laws 1982, chapter 523, article 30, section 4, subdivision 3.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

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

S. F. No. 321 was reported to the House.

Thiede moved to amend S. F. No. 321, the unofficial engrossment, as follows:

Page 4, line 25, delete "August 1" and insert "September 15"

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

Bishop moved to amend S. F. No. 321, the unofficial engrossment, as follows:

Page 1, line 25, delete "willfully or recklessly" and insert "knowingly"

The motion prevailed and the amendment was adopted.

S. F. No. 321, A bill for an act relating to public safety; expanding the crimes of driving a motor vehicle or a motorboat while under the influence of alcohol or certain substances; amending Minnesota Statutes 1986, sections 169.121, subdivisions 1 and 2; and 361.12, subdivisions 1 and 4.

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

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

Those who voted in the affirmative were:

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

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

S. F. No. 1223, A bill for an act relating to state departments and agencies; creating a commission for the quincentennial of the Hispanic presence in the western hemisphere.

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

The question was taken on the passage of the bill and the roll was called. There were 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Waltman

The bill was passed and its title agreed to.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Quinn moved that the name of Winter be added as an author on H. F. No. 2308. The motion prevailed.

Ogren moved that H. F. No. 1821, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Dempsey moved that H. F. No. 1658 be returned to its author. The motion prevailed.

McDonald, Omann, Schreiber, Waltman and Redalen introduced:

House Resolution No. 54, A House resolution commending the public service of Dr. Rollin M. Dennistoun at the Minnesota Department of Agriculture.

The resolution was referred to the Committee on Rules and Legislative Administration.

Ogren, Murphy and Munger introduced:

House Resolution No. 55, A House resolution commending William J. Houle for many years of service to the Fond du Lac Band of Chippewa Indians.

The resolution was referred to the Committee on Rules and Legislative Administration.

Kahn, Kalis, Wynia, Schreiber and Vanasek introduced:

House Resolution No. 56, A House resolution commending Northwest Airlines for banning smoking in airplanes.

The resolution was referred to the Committee on Rules and Legislative Administration.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1831:

Popenhagen, McEachern and Sarna.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 85:

Begich, O'Connor and Brown.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1790:

Skoglund, Bishop and Wagenius.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 11:00 a.m., Monday, March 28, 1988. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Monday, March 28, 1988.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

