

STATE OF MINNESOTA

SEVENTY-FIFTH SESSION—1988

NINETIETH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 18, 1988

The House of Representatives convened at 12:00 noon and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by the Reverend Delton Krueger, House Chaplain.

The roll was called and the following members were present:

Anderson, G.	Greenfield	Larsen	Orenstein	Shaver
Battaglia	Gruenes	Lasley	Osthoff	Skoglund
Bauerly	Gutknecht	Lieder	Otis	Solberg
Beard	Hartle	Long	Ozment	Sparby
Begich	Haukoos	Marsh	Pappas	Stanius
Bennett	Heap	McDonald	Pauly	Steensma
Bertram	Himle	McEachern	Pelowski	Sviggum
Bishop	Hugoson	McKasy	Peterson	Swenson
Boo	Jacobs	McLaughlin	Poppenhagen	Thiede
Brown	Jaros	McPherson	Price	Tompkins
Burger	Jefferson	Milbert	Quinn	Trimble
Carlson, D.	Jennings	Miller	Quist	Tunheim
Carlson, L.	Jensen	Minne	Redalen	Uphus
Carruthers	Johnson, A.	Morrison	Reding	Valento
Clausnitzer	Johnson, R.	Munger	Rest	Vellenga
Cooper	Johnson, V.	Murphy	Rice	Voss
Dauner	Kahn	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
Dorn	Knickerbocker	Olsen, S.	Scheid	Spk. Vanasek
Forsythe	Knuth	Olson, K.	Schreiber	
Frederick	Kostohryz	Omann	Seaberg	
Frerichs	Krueger	Onnen	Segal	

A quorum was present.

Simoneau was excused.

Anderson, R., and Tjornhom were excused until 1:00 p.m. Olson, E., was excused until 1:10 p.m. Clark and Rose were excused until 1:30 p.m. Blatz was excused until 2:15 p.m.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of S. F. No. 1645 have been placed in the members' files.

S. F. No. 1645 and H. F. No. 1839, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Rest moved that S. F. No. 1645 be substituted for H. F. No. 1839 and that the House File be indefinitely postponed. The motion prevailed.

SECOND READING OF SENATE BILLS

S. F. No. 1645 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Johnson, A., introduced:

H. F. No. 2813, A bill for an act relating to unclaimed property; authorizing the commissioner to remove certain abandoned property from department records under certain conditions; providing for the legal status of this property; increasing finder's fees; amending Minnesota Statutes 1986, sections 345.48 and 345.515.

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

Simoneau introduced:

H. F. No. 2814, A bill for an act relating to occupations and professions; providing for attorney misappropriation by creating a client security fund; amending Minnesota Statutes 1987 Supplement, section 481.20; proposing coding for new law in Minnesota Statutes, chapter 481.

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

Simoneau introduced:

H. F. No. 2815, A bill for an act relating to occupations and professions; requiring that attorneys who hold client funds be bonded; proposing coding for new law in Minnesota Statutes, chapter 481.

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

Simoneau introduced:

H. F. No. 2816, A bill for an act relating to occupations and professions; requiring certain attorneys to maintain interest bearing trust accounts; creating a board to administer interest earned on the accounts; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 481.

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

Segal and Kelso introduced:

H. F. No. 2817, A bill for an act relating to human services; requiring a study of training requirements.

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

Simoneau introduced:

H. F. No. 2818, A bill for an act relating to retirement; Minnesota state retirement system; teachers retirement association; public employees retirement association; providing for the restoration of a normal annuity upon the death of a designated beneficiary to a retired or disabled member who had selected a joint and survivor annuity; amending Minnesota Statutes 1986, section 353.30, by adding a subdivision; Minnesota Statutes 1987 Supplement, section 352.116, by adding a subdivision; 353.30, subdivision 3; 354.45, subdivision 1, and by adding a subdivision; and 354A.32, by adding a subdivision.

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

Kludt and Kelly introduced:

H. F. No. 2819, A bill for an act relating to utilities; requiring certain disclosures on open talk telephone lines; requiring dating of recorded messages received via a message toll service; proposing coding for new law in chapter 325E.

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

HOUSE ADVISORIES

The following House Advisories were introduced:

Clark, Skoglund, McLaughlin, Dawkins and Quinn introduced:

H. A. No. 91, A proposal to study the adverse effects of redlining and provide recommendations to prevent these actions.

The advisory was referred to the Committee on Financial Institutions and Insurance.

Kelly introduced:

H. A. No. 92, A proposal to study dram shop law.

The advisory was referred to the Committee on Judiciary.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2041

A bill for an act relating to agriculture; limiting ownership of agricultural land by certain corporations and limited partnerships; amending Minnesota Statutes 1986, section 500.24, subdivision 3; Minnesota Statutes 1987 Supplement, section 500.24, subdivision 2.

April 16, 1988

The Honorable Robert Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2041, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H. F. No. 2041 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

Subd. 8. [CORRECTION OF CONSERVATION EASEMENT BOUNDARY LINES.] To correct errors in legal descriptions for easements obtained that affect the ownership interests in the state and adjacent landowners, the commissioner may, in the name of the state, with the approval of the attorney general, convey, without consideration, interests of the state necessary to correct legal descriptions of boundaries. The conveyance must be by quitclaim deed or release in a form approved by the attorney general.

Sec. 2. Minnesota Statutes 1987 Supplement, section 500.24, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings here given them:

(a) "Farming" means the production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products or the production of poultry or poultry products.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards:

- (1) its shareholders do not exceed five in number;
 - (2) all its shareholders, other than any estate are natural persons;
 - (3) it does not have more than one class of shares; and
 - (4) its revenues from rent, royalties, dividends, interest and annuities does not exceed 20 percent of its gross receipts; and
 - (5) shareholders holding a majority of the shares 51 percent or more of the interest in the corporation must be residing on the farm or actively engaging in farming;
 - (6) the authorized farm corporation, directly or indirectly, owns or otherwise has an interest, whether legal, beneficial, or otherwise, in any title to no more than 1,500 acres of real estate used for farming or capable of being used for farming in this state; and
 - (7) a shareholder of the authorized farm corporation is not a shareholder in other authorized farm corporations that directly or indirectly in combination with the authorized farm corporation own not more than 1,500 acres of real estate used for farming or capable of being used for farming in this state.
- (e) "Agricultural land" means land used for farming.
- (f) "Pension or investment fund" means a pension or employee welfare benefit fund, however organized, a mutual fund, a life insurance company separate account, a common trust of a bank or other trustee established for the investment and reinvestment of money contributed to it, a real estate investment trust, or an investment company as defined in United States Code, title 15, section 80a-3. "Pension or investment fund" does not include a benevolent trust established by the owners of a family farm, authorized farm corporation or family farm corporation.
- (g) "Farm homestead" means a house including adjoining buildings that has been used as part of a farming operation or is part of the agricultural land used for a farming operation.
- (h) "Family farm partnership" means a limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of the related persons is residing on or actively operating the farm, and none of the partners are corporations. A family farm partnership does not cease to qualify as a family farm partnership because of a devise or bequest of interest in the partnership.

(i) "Authorized farm partnership" means a limited partnership meeting the following standards:

(1) it has been issued a certificate from the secretary of state or is registered with the county recorder and farming and ownership of agricultural land is stated as a purpose or character of the business;

(2) its partners do not exceed five in number;

(3) all its partners, other than an estate, are natural persons;

(4) its revenues from rent, royalties, dividends, interest, and annuities do not exceed 20 percent of its gross receipts;

(5) its general partners hold at least 51 percent of the interest in the land assets of the partnership and reside on the farm or are actively engaging in farming not more than 1,500 acres as a general partner in an authorized limited partnership;

(6) its limited partners do not participate in the business of the limited partnership including operating, managing, or directing management of farming operations;

(7) the authorized farm partnership, directly or indirectly, does not own or otherwise have an interest, whether legal, beneficial, or otherwise, in a title to more than 1,500 acres of real estate used for farming or capable of being used for farming in this state; and

(8) a limited partner of the authorized farm partnership is not a limited partner in other authorized farm partnerships that directly or indirectly in combination with the authorized farm partnership own not more than 1,500 acres of real estate used for farming or capable of being used for farming in this state.

Sec. 3. Minnesota Statutes 1986, section 500.24, subdivision 3, is amended to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.] No corporation or pension or investment fund, or limited partnership shall engage in farming; nor shall any corporation or pension or investment fund, or limited partnership, directly or indirectly, own, acquire, or otherwise obtain an interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions provided in this subdivision shall do not apply to the following corporations or partnerships in clause (b) and do not apply to corporations, limited partnerships, and pension or investment funds that record its name and the particular exception under clauses (a) to (r) under which the agricultural land is owned or farmed, have a

conservation plan prepared for the agricultural land, report as required under subdivision 4, and satisfy one of the following conditions under clauses (a) to (f):

- (a) A bona fide encumbrance taken for purposes of security;
- (b) A family farm corporation ~~or~~, an authorized farm corporation, a family farm partnership, or an authorized farm partnership as defined in subdivision 2 or a general partnership;
- (c) Agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973, or a pension or investment fund as of May 12, 1981, including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, or, in the case of a pension or investment fund, as of May 12, 1981, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules;
- (d) Agricultural land operated for research or experimental purposes with the approval of the commissioner of agriculture, provided that any commercial sales from such farm shall the operation must be incidental to the research or experimental objectives of the corporation. A corporation, limited partnership, or pension or investment fund seeking to operate agricultural land for research or experimental purposes must submit to the commissioner a prospectus or proposal of the intended method of operation, containing information required by the commissioner including a copy of any operational contract with individual participants, prior to initial approval of an operation. A corporation, limited partnership, or pension or investment fund operating agricultural land for research or experimental purposes prior to the effective date of section 2 must comply with all requirements of this clause except the requirement for initial approval of the project;
- (e) Agricultural land operated by a corporation or limited partnership for the purpose of raising breeding stock, including embryos, for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;
- (f) Agricultural land and land capable of being used for farming leased by a corporation or limited partnership in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973, or to the limited partnership as of May 1, 1988, and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973, for a corporation or May 1, 1988, for a limited partnership in any five-year period, and the additional acreage reasonably necessary to meet the requirements of pollution control rules;

(g) Agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious or charitable nonprofit corporation or by a pension or investment fund or limited partnership; provided that all lands so acquired by a pension or investment fund, and all lands so acquired by a corporation or limited partnership which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;

(h) Agricultural land acquired by a pension or investment fund or a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 2, or a limited partnership other than a family farm partnership or authorized farm partnership as defined in subdivision 2, for which the corporation or limited partnership has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A pension or investment fund or a corporation or limited partnership may hold such agricultural land in such acreage as may be necessary to its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family farm unit, a family farm corporation or, an authorized farm corporation, a family farm partnership, or an authorized farm partnership, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation;

(i) Agricultural lands acquired by a pension or investment fund or a corporation or limited partnership by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years after acquiring the title if acquired before May 1, 1988, and five years after acquiring the title if acquired on or after May 1, 1988, acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten-year or five-year period except under a lease to a family farm unit, a family farm corporation or, an authorized farm corporation, a family farm partnership, or an authorized farm partnership. The aforementioned ten-year or five-year limitation period shall be deemed a covenant running with the title to the land against any pension or investment fund or corporate or limited partnership grantee or assignee or the successor of such pension or investment fund or corporation or limited partnership. Notwithstanding the five-year

divestiture requirement under this paragraph, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must divest of the agricultural land within the ten-year period;

(j) Agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, ~~or~~ a family farm corporation, or a family farm partnership;

(k) Agricultural land, either leased or owned, totaling no more than 2,700 acres, acquired after May 20, 1973 for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2,000 acres of asparagus production;

(l) All agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, section 500.24, subdivision 1, clause (d) but which does not qualify as an authorized farm corporation as defined in subdivision 2, clause (d);

(m) A corporation formed primarily for religious purposes whose sole income is derived from agriculture;

(n) Agricultural land owned or leased by a corporation prior to August 1, 1975, which was exempted from the restriction of subdivision 3 under the provisions of Laws 1973, chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1975 in any five-year period and the additional ownership reasonably necessary to meet requirements of pollution control rules;

(o) Agricultural land owned or leased by a corporation prior to August 1, 1978, including normal expansion of such ownership or leasehold interest, to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1978 and the additional ownership reasonably necessary to meet requirements of pollution control rules, provided that nothing herein shall reduce any exemption contained under the provisions of Laws 1975, chapter 324, section 1, subdivision 2;

(p) An interest in the title to agricultural land acquired by a pension fund or family trust established by the owners of a family farm, authorized farm corporation or family farm corporation, but limited to the farm on which one or more of those owners or

shareholders have resided or have been actively engaged in farming as required by subdivision 2, clause (b), (c), or (d);

(q) Agricultural land owned by a nursing home located in a city with a population, according to the state demographer's 1985 estimate, between 900 and 1,000, in a county with a population, according to the state demographer's 1985 estimate, between 18,000 and 19,000, if the land was given to the nursing home as a gift with the expectation that it would not be sold during the donor's lifetime. This exemption is available until July 1, 1995;

(r) The acreage of agricultural land and land capable of being used for farming owned and recorded by an authorized farm corporation as defined in Minnesota Statutes 1986, section 500.24, subdivision 2, paragraph (d), or a limited partnership as of May 1, 1988, including the normal expansion of the ownership at a rate not to exceed 20 percent of the land owned and recorded as of May 1, 1988, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules.

Sec. 4. Minnesota Statutes 1986, section 500.24, subdivision 3a, is amended to read:

Subd. 3a. [LEASE AGREEMENT; CONSERVATION PRACTICE PROTECTION CLAUSE.] A corporation, pension or investment fund, or limited partnership, other than a family farm corporation or, an authorized farm corporation, a family farm partnership, or an authorized farm partnership, when leasing farm land to a family farm unit, a family farm corporation, or an authorized farm corporation, a family farm partnership, or an authorized farm partnership under provisions of subdivision 3, clause (i), must include within the lease agreement a provision prohibiting intentional damage or destruction to a conservation practice on the agricultural land.

Sec. 5. Minnesota Statutes 1986, section 500.24, subdivision 3b, is amended to read:

Subd. 3b. [PROTECTION OF CONSERVATION PRACTICES.] If a corporation, pension or investment fund, or limited partnership, other than a family farm corporation or, an authorized farm corporation, a family farm partnership, or authorized farm partnership, during the period of time it holds agricultural land under subdivision 3, clause (i), intentionally destroys a conservation practice as defined in section 40.19, subdivision 5, to which the state has made a financial contribution, the corporation, pension or investment fund, or limited partnership must pay the commissioner of agriculture, for deposit in the general fund, an amount equal to the state's total contributions to that conservation practice plus interest from

the time of investment in the conservation practice. Interest must be calculated at an annual percentage rate of 12 percent.

Sec. 6. Minnesota Statutes 1986, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The chief executive officer of every pension or investment fund or, corporation which, or limited partnership, except a family farm corporation or a family farm limited partnership, that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner of agriculture a report containing the following information and documents:

(1) The name of the pension or investment fund or, corporation, or limited partnership and its place of incorporation, certification, or registration;

(2) The address of the pension or investment plan headquarters or of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation or limited partnership, the address of its principal office in its place of incorporation, certification, or registration;

(3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the pension or investment fund, limited partnership, or corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) The names and addresses of the officers, administrators, directors or trustees of the pension or investment fund, or of the officers, shareholders owning more than 10 percent of the stock, including the percent of stock owned by each such shareholder, and the members of the board of directors of the corporation, and the general and limited partners and the percentage of interest in the partnership by each partner; and

(5) The farm products which the pension or investment fund, limited partnership, or corporation produces or intends to produce on its agricultural land;

(6) With the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3, clauses (a) to (r); and

(7) With the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation seeking to qualify hereunder as a family farm corporation or, an authorized farm corporation, a family farm partnership, or authorized farm partnership shall contain the following additional information: The number of shares or the partnership interests owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address and number of shares owned by each shareholder or partnership interests owned by each partner; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No pension or investment fund, limited partnership, or corporation shall commence farming in this state until the commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, or corporation as described in clause (a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information required in clause (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, or corporation that does not file the report by April 15 must pay a \$500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 7. Minnesota Statutes 1986, section 500.24, subdivision 5, is amended to read:

Subd. 5. [ENFORCEMENT.] With reason to believe that a corporation, limited partnership, or pension or investment fund is violating subdivision 3, the attorney general shall commence an action in the district court in which any agricultural lands relative to such violation are situated, or if situated in two or more counties, in any county in which a substantial part of the lands are situated. The attorney general shall file for record with the county recorder or the registrar of titles of each county in which any portion of said lands are located a notice of the pendency of the action as provided in section 557.02. If the court finds that the lands in question are being held in violation of subdivision 3, it shall enter an order so declaring. The attorney general shall file for record any such order with the county recorder or the registrar of titles of each county in which any portion of said lands are located. Thereafter, the pension

or investment fund, limited partnership, or corporation owning such land shall have a period of five years from the date of such order to divest itself of such lands. The aforementioned five year limitation period shall be deemed a covenant running with the title to the land against any pension or investment fund, limited partnership, or corporate grantee or assignee or the successor of such pension or investment fund, limited partnership, or corporation. Any lands not so divested within the time prescribed shall be sold at public sale in the manner prescribed by law for the foreclosure of a mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law.

Sec. 8. Minnesota Statutes 1987 Supplement, section 500.24, subdivision 6, is amended to read:

Subd. 6. [DISPOSAL OF LAND.] (a) A state or federal agency, limited partnership, or a corporation, other than a family farm corporation or an authorized farm corporation, may not lease or sell agricultural land or a farm homestead that was acquired by enforcing a debt against the agricultural land or farm homestead, including foreclosure of a mortgage, accepting a deed in lieu of foreclosure, terminating a contract for deed, or accepting a deed in lieu of terminating a contract for deed, before offering or making a good faith effort to offer the land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. The offer must be made on the notice to offer form under subdivision 7. Selling or leasing property to a third party at a price is prima facie evidence that the price is acceptable to the seller or lessor.

(b) For purposes of this subdivision, the term "a price no higher than the highest price offered by a third party" means the acceptable cash price offered by a third party or the acceptable time-price offer made by a third party. A cash price offer is one that involves simultaneous transfer of title for payment of the entire amount of the offer. If the acceptable offer made by a third party is a time-price offer, the seller or lessor must make the same time-price offer or an equivalent cash offer to the immediately preceding former owner. An equivalent cash offer is equal to the total of the payments made over a period of the time-price offer discounted by yield curve of the United States treasury notes and bonds on the first business day of the month in which the offer is personally delivered or mailed for time periods similar to the time period covered by the time-price offer, plus 2.0 percent. A time-price offer is an offer that defers payment of a portion of the price and does not involve a transfer of fee title until payment of the entire amount of the offer is made.

(c) This subdivision applies to a seller when the property is sold and to a lessor each time the property is leased, for five years after the agricultural land is acquired except:

(1) an offer to lease to the immediately preceding former owner is required only until the immediately preceding owner fails to accept an offer to lease the property or the property is sold; and

(2) an offer to sell to the immediately preceding former owner is required until the property is sold.

(d) The notice of an offer under subdivision 7 that is personally delivered with a signed receipt or sent by certified mail with a receipt of mailing to the immediately preceding former owner's last known address is a good faith offer.

(e) This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for five years or longer.

(f) For purposes of this subdivision, if the immediately preceding former owner is a bankruptcy estate the debtor in the bankruptcy is the immediately preceding owner.

(g) The immediately preceding former owner must exercise the right to lease agricultural land or a homestead located on agricultural land in writing within 15 days after an offer to lease under this subdivision is mailed with a receipt of mailing or personally delivered. The immediately preceding former owner must exercise the right to buy the agricultural land or farm homestead located on agricultural land, in writing, within 65 days after an offer to buy under this subdivision is mailed with a receipt of mailing or is personally delivered. Within ten days after exercising the right to lease or buy by accepting the offer, the immediately preceding owner must fully perform according to the terms of the offer including paying the amounts due. A seller may sell and a lessor may lease the agricultural land or farm homestead subject to this subdivision to the third party in accordance with their lease or purchase agreement if:

(1) the immediately preceding former owner does not accept an offer to lease or buy before the offer terminates; or

(2) the immediately preceding former owner does not perform the obligations of the offer, including paying the amounts due, within ten days after accepting the offer.

(h) A certificate indicating whether or not the property contains agricultural land or a farm homestead that is signed by the county assessor where the property is located and recorded in the office of the county recorder or the registrar of titles where the property is located is prima facie evidence of whether the property is agricultural land or a farm homestead.

(i) As prima facie evidence that an offer to sell or lease agricultural land or a farm homestead has terminated, a receipt of mailing the notice under subdivision 7 and an affidavit, signed by a person authorized to act on behalf of a state, federal agency, or corporation selling or leasing the agricultural land or a farm homestead may be filed in the office of the county recorder or registrar of titles of the county where the agricultural land or farm homestead is located. The affidavit must state that:

(1) notice of an offer to buy or lease the agricultural land or farm homestead was provided to the immediately preceding former owner at a price not higher than the highest price offered by a third party that is acceptable;

(2) the time during which the immediately preceding former owner is required to exercise the right to buy or lease the agricultural land or farm homestead has expired;

(3) the immediately preceding former owner has not exercised the right to buy or lease the agricultural land or farm homestead as provided in this subdivision or has accepted an offer and has not fully performed according to the terms of the offer; and

(4) the offer to the immediately preceding former owner has terminated.

(j) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision or to lease or purchase at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor may be extinguished or limited by an express statement signed by the immediately preceding owner that complies with the plain language requirements of section 325G.31. The right may not be extinguished or limited except by the express statement in a deed in lieu of foreclosure or in a deed in lieu of a termination of a contract for deed for the agricultural land.

(k) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision may not be assigned or transferred, but may be inherited.

Sec. 9. Minnesota Statutes 1987 Supplement, section 500.24, subdivision 7, is amended to read:

Subd. 7. [NOTICE OF OFFER.] (a) The state, a federal agency, limited partnership, or a corporation subject to subdivision 6 must provide a notice of an offer to sell or lease agricultural land substantially as follows, after inserting the appropriate terms within the parentheses:

**"NOTICE OF OFFER TO
(LEASE, BUY) AGRICULTURAL LAND**

TO: (... Immediately preceding former owner ...)
FROM: (... The state, federal agency, limited partnership, or
corporation subject to subdivision 6 ...)
DATE: (... date notice is mailed or personally delivered ...)

(... The state, federal agency, limited partnership, or corporation ...) HAS ACQUIRED THE AGRICULTURAL LAND DESCRIBED BELOW AND HAS RECEIVED AN ACCEPTABLE OFFER TO (LEASE, SELL) THE AGRICULTURAL LAND FROM ANOTHER PARTY. UNDER MINNESOTA STATUTES, SECTION 500.24, SUBDIVISION 6, AN OFFER FROM (... the state, federal agency, limited partnership, or corporation ...) MUST BE MADE TO YOU AT A PRICE NO HIGHER THAN THE HIGHEST OFFER MADE BY ANOTHER PARTY.

THE AGRICULTURAL LAND BEING OFFERED CONTAINS APPROXIMATELY (... approximate number of acres ...) ACRES AND IS INFORMALLY DESCRIBED AS FOLLOWS:

(Informal description of the agricultural land being offered that reasonably describes the land. This description does not need to be a legal description.)

(... The state, federal agency, limited partnership, or corporation ...) OFFERS TO (SELL, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE FOR A CASH PRICE OF \$(... cash price or equivalent cash price for lease and lease period, or cash price or equivalent cash price for sale of land ...), WHICH IS NOT HIGHER THAN THE PRICE OFFERED BY ANOTHER PARTY. THE PRICE IS OFFERED ON THE FOLLOWING TERMS:

(Terms, if any, of acceptable offer)

IF YOU WANT TO ACCEPT THIS OFFER YOU MUST NOTIFY (... the state, federal agency, limited partnership, or corporation ...) IN WRITING THAT YOU ACCEPT THE OFFER OR SIGN UNDERNEATH THE FOLLOWING PARAGRAPH AND RETURN A COPY OF THIS NOTICE BY (15 for a lease, 65 for a sale) DAYS AFTER THIS NOTICE IS PERSONALLY DELIVERED OR MAILED TO YOU. THE OFFER IN THIS NOTICE TERMINATES ON (... date of termination - 15 days for lease and 65 days for sale after date of mailing or personal delivery ...).

ACCEPTANCE OF OFFER

I ACCEPT THE OFFER TO (BUY, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE AT THE PRICE OFFERED TO ME IN THIS NOTICE. AS PART OF ACCEPTING THIS OFFER

I WILL PERFORM ACCORDING TO THE TERMS OF THE OFFER, INCLUDING MAKING PAYMENTS DUE UNDER THE OFFER, WITHIN TEN DAYS AFTER THE DATE I ACCEPT THIS OFFER.

.....
Signature of Former Owner Accepting Offer

.....
Date"

(b) For an offer to sell, a copy of the purchase agreement containing the price and terms of the highest offer made by a third party that is acceptable to the seller and a signed affidavit by the seller affirming that the purchase agreement is true, accurate, and made in good faith must be included with the notice under this subdivision. At the seller's discretion, reference to the third party's identity may be deleted from the copy of the purchase agreement.

(c) For an offer to lease, a copy of the lease containing the price and terms of the highest offer made by a third party that is acceptable to the lessor and a signed affidavit by the lessor affirming that the lease is true, accurate, and made in good faith must be included with the notice under this subdivision. At the lessor's discretion, reference to the third party's identity may be deleted from the copy of the lease agreement.

(d) The affidavit under paragraphs (b) and (c) is subject to section 609.48.

Sec. 10. [EFFECTIVE DATE.]

This act is effective May 1, 1988."

Delete the title and insert:

"A bill for an act relating to agriculture; limiting ownership of agricultural land by certain corporations and limited partnerships; providing for conveyance of certain interests; amending Minnesota Statutes 1986, sections 40.43, by adding a subdivision; 500.24, subdivisions 3, 3a, 3b, 4, and 5; Minnesota Statutes 1987 Supplement, section 500.24, subdivisions 2, 6, and 7."

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

House Conferees: CHARLES BROWN, WALLY A. SPARBY AND EDGAR L. OLSON.

Senate Conferees: CHARLES R. DAVIS, DAVID J. FREDERICKSON AND STEVEN MORSE.

POINT OF ORDER

Miller raised a point of order pursuant to section 92, paragraph 2, clause (a), of "Mason's Manual of Legislative Procedure" relating to the interruption of a member while speaking. The Speaker ruled the point of order not well taken.

Brown moved that the report of the Conference Committee on H. F. No. 2041 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2041, A bill for an act relating to agriculture; limiting ownership of agricultural land by certain corporations and limited partnerships; amending Minnesota Statutes 1986, section 500.24, subdivision 3; Minnesota Statutes 1987 Supplement, section 500.24, subdivision 2.

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

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 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	Skoglund
Bennett	Haukoos	Marsh	Ozment	Solberg
Bertram	Heap	McDonald	Pappas	Sparby
Bishop	Himle	McEachern	Pauly	Stanisus
Boo	Hugoson	McKasy	Pelowski	Steensma
Brown	Jacobs	McLaughlin	Peterson	Sviggum
Burger	Jaros	McPherson	Poppenhagen	Swenson
Carlson, D.	Jefferson	Milbert	Price	Tompkins
Carlson, L.	Jensen	Miller	Quinn	Trimble
Carruthers	Johnson, A.	Minne	Quist	Tunheim
Clausnitzer	Johnson, R.	Morrison	Redalen	Uphus
Cooper	Johnson, V.	Munger	Reding	Valento
Dauner	Kahn	Murphy	Rest	Vellenga
Dawkins	Kalis	Nelson, C.	Rice	Voss
DeBlieck	Kelly	Nelson, D.	Richter	Wagenius
Dempsey	Kelso	Nelson, K.	Riveness	Waltman
DeRaad	Kinkel	Neuenschwander	Rodosovich	Welle
Dille	Kludt	O'Connor	Rukavina	Wenzel
Dorn	Knickerbocker	Ogren	Sarna	Winter
Forsythe	Knuth	Olsen, S.	Schafer	Wynia
Frederick	Kostohryz	Olsen, K.	Scheid	Spk. Vanasek

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1000

A bill for an act relating to agriculture; making changes in various agriculture programs; establishing agriculture programs; establishing a commodity contract task force; appropriating money; providing penalties; amending Minnesota Statutes 1986, sections 41A.09, by adding a subdivision; 41B.02, by adding a subdivision; and 65A.33, subdivision 3; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1, 2, 4, and by adding a subdivision; 41B.05; Laws 1987, chapter 396, article 9, section 1, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 17; 31; 124; and 325E; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1986, sections 32A.01; 32A.02; 32A.03; 32A.04; 32A.05; 32A.07; 32A.08; and 32A.09; and Laws 1987, chapter 358, section 31.

April 15, 1988

The Honorable Robert Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1000, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1000 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

MINNESOTA AGRICULTURAL PRODUCTS

Section 1. [16B.103] [AGRICULTURAL FOOD PRODUCTS GROWN IN STATE.]

Subdivision 1. [STATE CONTRACTS.] The commissioner shall encourage and make a reasonable attempt to identify and purchase food products that are grown in this state.

Subd. 2. [REPORT.] The commissioner shall prepare a report at the end of each biennium and submit it to the committees on agriculture of the house of representatives and senate on the total food products purchased or contracted for by agencies and the

amounts of fruits, vegetables, grains, meats, poultry, and other food products purchased or contracted for that are grown in this state.

Sec. 2. [AGRICULTURAL PRODUCT USE REPORT.]

The commissioner of agriculture shall investigate the use of agricultural products to discern the opportunity for expansion of market share by agricultural producers in the state. This investigation must include franchised food chain and restaurant establishments selling prepared food in this state. The commissioner shall submit a report of the investigation to the committees on agriculture of the house of representatives and senate by January 31, 1989.

Sec. 3. [EFFECTIVE DATE.]

This article is effective the day following final enactment. Section 1 applies to contracts entered into by the state after June 30, 1988.

ARTICLE 2

RURAL HEALTH AND SAFETY PROGRAM

Section 1. [PROGRAM ESTABLISHED.]

Subdivision 1. [PROGRAM ESTABLISHED.] The Minnesota extension service is instructed to develop and implement an ongoing program for rural health and safety.

Subd. 2. [PROGRAM GOALS.] (a) During fiscal years 1989 and 1990, priority goals of the rural health and safety program must include the following:

(1) assessment of the availability of high quality farm safety education and training materials and programs and identification of any barriers to increasingly widespread acceptance and utilization of these materials and programs;

(2) design, coordination, conduct, and interpretation of statewide rural health and safety studies;

(3) evaluation of the concept of voluntary farm safety audits and the possibility that those audits might be linked to an appropriate recognition or reward system including reduced insurance premiums for farmsteads that achieve a particularly good safety rating;

(4) development of joint educational programs and effective working relationships among the Minnesota agencies and organizations having rural health and safety concerns; and

(5) development of effective working relationships and information sharing arrangements with agencies and organizations in other states of the upper midwest that have rural health and safety concerns.

(b) The director of the Minnesota extension service shall report to the committees on agriculture of the house of representatives and senate on the findings and recommendations of the rural health and safety program by March 1, 1989.

Subd. 3. [RESPONSIBILITIES.] The rural health and safety program in the Minnesota extension service has the following ongoing responsibilities:

(1) to develop programs and materials related to farm accident prevention;

(2) to develop and implement educational programs that will enable rural residents to understand and comply with safety standards and good health practices;

(3) to maintain cooperation and effective working relationships with health and safety agencies and organizations in Minnesota, other states, and the United States government; and

(4) to seek and efficiently utilize grant money made available for programs relating to rural and farm safety.

Subd. 4. [PROGRAM FUNDING.] Money for support of the rural health and safety program in the Minnesota extension service may be accepted from the following sources:

(1) legislative appropriations from the general fund;

(2) funds from other sources within the University of Minnesota and the extension service to the extent not precluded by other law; and

(3) gifts or grants from individuals, organizations, governmental units, foundations, corporations, or other sources except that no restrictions may be placed by the giver with respect to the functions, duties, and responsibilities of the program.

ARTICLE 3

DAIRY TASK FORCE

Section 1. [32.025] [MINNESOTA DAIRY TASK FORCE.]

Subdivision 1. [ESTABLISHMENT.] The Minnesota dairy task force is established consisting of:

(1) the commissioner of agriculture or the commissioner's designee, who is a nonvoting member;

(2) a representative from the University of Minnesota designated by the dean of the college of agriculture, who is a nonvoting member;

(3) two members representing dairy processors of class I and class II milk appointed by the governor;

(4) one member representing the dairy herd improvement association appointed by the governor;

(5) two class I milk producers appointed by the governor;

(6) two class II milk producers appointed by the governor;

(7) one dairy farmer at-large appointed by the governor; and

(8) one retail grocer appointed by the governor.

Subd. 2. [OBJECTIVES.] The objectives of the Minnesota dairy task force are to:

(1) increase production efficiency of dairy cow herds;

(2) reduce input costs of production;

(3) increase profitability of individual dairy farms; and

(4) establish long-range goals, objectives, and time line achievement strategies for the dairy industry.

Subd. 3. [DUTIES.] The Minnesota dairy task force shall by June 1, 1989:

(1) gather existing information on increasing milk production efficiency of dairy cow herds, reducing input costs, and increasing profitability of dairy farms;

(2) establish a mechanism to disseminate gathered information to dairy farmers in a practical form;

(3) examine computerized analysis of dairy records and the available software, and recommend practical alternatives for dairy farmers to use computerized analysis;

(4) develop a preliminary draft of long-range goals, objectives, and time line achievement strategies for the dairy industry;

(5) study alternatives for component pricing of milk;

(6) recommend legislation needed to accomplish the objectives and goals in subdivision 2; and

(7) examine available data on patterns and relationships between changes in the purchase price of raw milk from dairy farmers and changes in the retail price of dairy products purchased by the consumer.

Subd. 4. [PILOT PROJECTS; DEMONSTRATIONS.] The task force may sponsor and oversee pilot projects and demonstrations on dairy farms. The projects must be of general applicability to family size dairy farms of the state. Pilot projects and demonstrations must apply strategies and practices for increasing the profitability of dairy farms and increasing income levels for individual dairy farmers.

Sec. 2. [REPORT.]

The Minnesota dairy task force shall prepare and submit an interim report on its activities, accomplishments, and recommendations to the committees on agriculture of the senate and house of representatives by February 1, 1989.

Sec. 3. [REPEALER.]

Section 1 is repealed effective June 30, 1990.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 1988.

ARTICLE 4

MINNESOTA GROWN LABEL

Section 1. Minnesota Statutes 1987 Supplement, section 17.102, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT AND USE OF LABEL.] (a) The commissioner shall establish a "Minnesota grown" logo or labeling statement for use in identifying agricultural products that are grown, processed, or manufactured in this state. The commissioner may develop labeling statements that apply to specific

marketing or promotional needs. One version of a labeling statement must identify food products certified as organically grown in this state. The Minnesota grown logo or labeling statement may be used on raw agricultural products that are not processed into a different physical form or frozen, only if 80 percent or more of the agricultural product is produced in this state.

(b) The Minnesota grown logo or labeling statement may not be used without a license from the commissioner except that wholesalers and retailers may use the Minnesota grown logo and labeling statement for displaying and advertising products that qualify for use of the Minnesota grown logo or labeling statement.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 5

SOIL TEST LABORATORY CERTIFICATION

Section 1. [17.73] [SOIL TESTING LABORATORY CERTIFICATION.]

Subdivision 1. [PROGRAM ESTABLISHMENT.] The commissioner shall establish a program to certify the accuracy of analyses from soil testing laboratories and promote standardization of soil testing procedures and analytical results.

Subd. 2. [CHECK SAMPLE SYSTEM.] (a) The commissioner shall institute a system of check samples that requires a laboratory to be certified to analyze at least four multiple soil check samples during the calendar year. The samples must be supplied by the commissioner or by a person under contract with the commissioner to prepare and distribute the samples.

(b) Within 30 days after the laboratory receives check samples, the laboratory shall report to the commissioner the results of the analyses for all requested elements or compounds or for the elements or compounds the laboratory makes an analytical determination of as a service to others.

(c) The commissioner shall compile analytical data submitted by laboratories and provide laboratories submitting samples with a copy of the data without laboratory names or code numbers.

(d) The commissioner may conduct check samples on laboratories that are not certified.

Subd. 3. [ANALYSES REPORTING STANDARDS.] (a) The results obtained from soil or plant analysis must be reported in accordance with standard reporting units established by the commissioner by rule. The standard reporting units must conform as far as practical to uniform standards that are adopted on a regional or national basis.

(b) If a certified laboratory offers a recommendation, the University of Minnesota recommendation or that of another land grant college in a contiguous state must be offered in addition to other recommendations, and the source of the recommendation must be identified on the recommendation form. If relative levels such as low, medium, or high are presented to classify the analytical results, the corresponding relative levels based on the analysis as designated by the University of Minnesota or the land grant college in a contiguous state must also be presented.

Subd. 4. [REVOCATION OF CERTIFICATION.] If the commissioner determines that analysis being performed by a laboratory is inaccurate as evidenced by check sample results, the commissioner may deny, suspend, or revoke certification.

Subd. 5. [CERTIFICATION FEES.] (a) A laboratory applying for certification shall pay an application fee of \$100 and a certification fee of \$100 before the certification is issued.

(b) Certification is valid for one year and the renewal fee is \$100. The commissioner shall charge an additional application fee of \$100 if a certified laboratory allows certification to lapse before applying for renewed certification.

(c) The commissioner shall notify a certified lab that its certification lapses within 30 to 60 days of the date when the certification lapses.

(d) Fees collected under this subdivision must be deposited in the state treasury and credited to the laboratory services account. The money in the account is annually appropriated to the commissioner to administer this section.

Subd. 6. [RULES.] The commissioner shall adopt rules for the establishment of minimum standards for laboratories, equipment, procedures, and personnel used in soil analysis and rules necessary to administer and enforce this section. The commissioner shall consult with representatives of the fertilizer industry, representatives of the laboratories doing business in this state, and with the University of Minnesota college of agriculture before proposing rules.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 6

GRAIN MARKETING

Section 1. Minnesota Statutes 1986, section 17B.02, is amended to read:

17B.02 [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in sections 17B.01 to 17B.29, the terms defined in this section have the meanings given them.

Subd. 2. [DEPARTMENT.] "Department" means the Minnesota department of agriculture.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture or the commissioner's authorized representative.

Subd. 3a. [DISCOUNT.] "Discount" means an offer or purchase price for grain that is lower than the base or standard price offered by a buyer at a certain time and at a specified location. A discount price represents the lower than normal value of the grain because of inferior quality as determined by measurement of grade, dockage, test weight, or other factors.

Subd. 4. [PERSON.] "Person" means any individual, firm, copartnership, cooperative, company, association, and corporation, or their lessees, trustees, or receivers.

Subd. 5. [PREMIUM.] "Premium" means an offer or a purchase price for corn, soybeans, or wheat that exceeds the base or standard price offered by a buyer at a certain time and at a specified location. A premium price represents the higher than normal value of the grain because of superior quality as determined by measurement of grade, dockage, test weight, or other factors.

Subd. 6. [TEST EQUIPMENT.] "Test equipment" means the mechanical and electronic devices commonly used in measurement of grain qualities including protein content, moisture content, and test weight.

Subd. 7. [TEST EQUIPMENT OPERATOR.] "Test equipment operator" means a person assigned by the management of an elevator or grain storage facility who is chiefly responsible for the preparation and analysis of grain samples for protein content, test

weight, moisture content, and other qualities upon which price is determined.

Sec. 2. [17B.041] [COMMISSIONER TO REVIEW ACCURACY OF TEST EQUIPMENT AND TEST EQUIPMENT OPERATORS.]

Subdivision 1. [PERIODIC REVIEW; EQUIPMENT AND OPERATORS.] The commissioner shall implement, by rule or emergency rule, a program for the periodic review of protein analysis, test weight, dockage testing devices, moisture testing equipment, and other equipment used to determine qualities upon which price is determined, and the operators of the equipment. If a review is performed by department personnel at the site of the test equipment, the review must consist of the performance of routine tests and analysis on one or more samples of grain by the principal operator of the test equipment.

Subd. 2. [TAGGING OF OUT-OF-COMPLIANCE TEST EQUIPMENT.] Personnel of the department who perform an on-site review of test equipment and operators shall prohibit the further use of test equipment that fails to meet and maintain acceptable tolerance levels established by rule.

Subd. 3. [FOLLOW-UP REVIEW UPON REQUEST.] The commissioner shall arrange for a follow-up review within seven business days of a periodic review if a follow-up review is requested by the test equipment operator.

Subd. 4. [REQUEST FOR COMMISSIONER TO SCHEDULE A REVIEW.] A purchaser or seller of grain may request the commissioner to perform a review of the test equipment and test equipment operator that is used to test the grain. A signed request must be submitted to the commissioner and upon receipt of a request, the commissioner shall schedule a review at a reasonable time considering other duties and responsibilities of the department personnel.

Subd. 5. [STATE NOT LIABLE.] The state is not liable to a seller or purchaser of grain for losses resulting from erroneous tests or analysis by test equipment or test equipment operators, whether reviewed by the department or not, if the commissioner and the department have exercised due care in the scheduling and conduct of reviews under subdivisions 1 and 3.

Sec. 3. [17B.0451] [PREMIUMS BASED ON CORN TEST WEIGHT MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of corn who provides a discount for corn that falls below the standard test weight for corn must offer an equal or greater premium for corn that has a test weight higher than the standard test weight.

Sec. 4. [17B.0452] [PREMIUMS BASED ON SOYBEAN TEST WEIGHT MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of soybeans who provides a discount for soybeans that fall below the standard test weight for soybeans must offer an equal or greater premium for soybeans that have a test weight higher than the standard test weight.

Sec. 5. [17B.0453] [PREMIUMS BASED ON TEST WHEAT WEIGHT MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of wheat who provides a discount for wheat that falls below the standard test weight for wheat must offer an equal or greater premium for wheat that has a test weight higher than the standard test weight.

Sec. 6. [17B.0461] [PREMIUMS BASED ON FOREIGN MATERIAL IN CORN MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of corn who provides a discount for corn that falls below the standard for foreign material for corn must offer an equal or greater premium for corn that has less foreign material than the standard. For corn, foreign material includes broken corn and foreign material.

Sec. 7. [17B.0462] [PREMIUMS BASED ON FOREIGN MATERIAL IN SOYBEANS MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of soybeans who provides a discount for soybeans that fall below the standard for foreign material for soybean must offer an equal or greater premium for soybeans that have less foreign material than the standard.

Sec. 8. [17B.0463] [PREMIUMS BASED ON FOREIGN MATERIAL IN WHEAT MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of wheat who provides a discount for wheat that falls below the standard for foreign material for wheat must offer an equal or greater premium for wheat that has less foreign material than the standard.

Sec. 9. [17B.0471] [PREMIUMS BASED ON TOTAL DAMAGED CORN KERNELS MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of corn who provides a discount for corn that falls below the standard for total damaged kernels for corn must offer an equal or greater premium for corn that has less total damaged kernels than the standard.

Sec. 10. [17B.0472] [PREMIUMS BASED ON TOTAL DAMAGED SOYBEAN KERNELS MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of soybeans who provides a discount for soybeans that fall below the standard for total damaged kernels for soybeans must offer an equal or greater premium for soybeans that have less total damaged kernels than the standard.

Sec. 11. [17B.0473] [PREMIUMS BASED ON TOTAL DAMAGED WHEAT KERNELS MUST EQUAL OR EXCEED DISCOUNTS.]

A purchaser of wheat who provides a discount for wheat that falls below the standard for total damaged kernels for wheat must offer an equal or greater premium for wheat that has less total damaged kernels than the standard.

Sec. 12. [17B.048] [SELLER OPTION TO AVERAGE LOADS.]

A purchaser of corn, soybeans, or wheat must allow a seller who delivers the grain in multiple loads within a period of two consecutive calendar days, at the option of the seller, to average the measurements from the multiple loads with respect to test weight, moisture content, and protein analysis. All loads allowed to be averaged under this section must be of a quality acceptable to the purchaser.

Sec. 13. Minnesota Statutes 1987 Supplement, section 17B.05, is amended to read:

17B.05 [DISPUTES ON GRADES, DOCKAGE; STATE ARBITRATION.]

(a) If a disagreement arises between a person receiving and a person delivering grain in this state as to the proper grade, dockage, moisture content, protein content, or other factors used in establishing the market price of the grain, an average sample of the grain in dispute may be taken by either or both of the parties interested. The commissioner shall prescribe a procedure for taking samples and having the samples certified by both the person receiving and the person delivering the grain as being true samples of the grain in dispute on the day the grain is delivered and sampled. Samples must be forwarded prepaid in suitable air-tight containers, with the names and addresses of the person receiving and the person delivering the grain, to the head of the grain inspection division of the department. The head of the grain inspection division shall examine samples submitted, and determine the proper grade, dockage, moisture content, protein content, and other factors used in establishing the market price of the samples of grain in accordance with the inspection rules and the standards established by the United States Department of Agriculture and the state of Minnesota. The test

results must be based on the arithmetic mean of the samples submitted. If a person requesting the inspection asks for determination of some but not all of the factors that affect market price, the department shall perform only the requested tests on the samples. A person requesting the inspection must pay the required fee before the results of the inspection are released. The fee charged must be the same as that required for similar services rendered by the grain inspection division. Payment for the grain involved in a disagreement must be made on the basis of grade, dockage, moisture content, protein content, and other market pricing factors certified by the department on samples submitted. An appeal of the determination made by the department may be made as provided under the United States Grain Standards Act, United States Code, title 7, section 79, subsection (c), and the Code of Federal Regulations, title 7, sections 800.125 to 800.140. A person receiving or delivering grain that is subject to this section is liable for damages resulting from not abiding by the determination made by the department. A person who violates this section is subject to penalties prescribed in section 17B.29.

(b) A licensed business that uses test equipment as defined in section 17B.02 to perform tests or analysis on grain to be purchased or placed in storage must post at the place of business a notice informing persons selling or delivering grain of their right to have a representative sample of the grain forwarded to the grain inspection division for analysis. The commissioner shall provide copies of the notice to each business licensed to buy or receive grain. The business must display the notice in a conspicuous location as prescribed by the commissioner.

Sec. 14. [EFFECTIVE DATE.]

Section 3, 4, 5, 6, 7, 8, 9, 10, or 11 is effective 30 days after at least three states representing 30 percent or more of the national production of that grain according to the current United States Department of Agriculture crop production summary requires that a premium be paid for the grain based on the factors provided in the section. Section 3, 4, 5, 6, 7, 8, 9, 10, or 11 applies to purchasers of grain in this state 30 days after the commissioner publishes notice in the State Register that the section is effective. The commissioner must notify affected licensed purchasers of grain that section 3, 4, 5, 6, 7, 8, 9, 10, or 11 is effective by ten days after notice is published in the State Register. Section 12 is effective August 1, 1989.

ARTICLE 7

BY-PRODUCT SOIL BUFFERING MATERIALS

Section 1. [17.7241] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 1 to 5.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture.

Subd. 3. [INDUSTRIAL BY-PRODUCT SOIL BUFFERING MATERIAL.] "Industrial by-product soil buffering material" means an industrial waste or by-product or the by-product of municipal water treatment processes containing calcium or magnesium or both in a form that may neutralize soil acidity.

Subd. 4. [LIMESTONE.] "Limestone" means a material consisting essentially of calcium carbonate or a combination of calcium carbonate with magnesium carbonate capable of neutralizing soil acidity.

Subd. 5. [SOIL BUFFERING MATERIALS.] "Soil buffering materials" means materials whose calcium or magnesium or both are capable of neutralizing soil acidity.

Subd. 6. [STOCKPILE.] "Stockpile" means a supply of agricultural soil buffering material stored for future use.

Subd. 7. [TNP.] "TNP" means total neutralizing power and is the number of pounds of neutralizing value in one ton of a soil buffering material.

Sec. 2. [17.7242] [SOIL BUFFERING DEMONSTRATION PROJECT AND STUDY.]

Subdivision 1. [PURPOSE.] The purpose of the demonstration project required under sections 1 to 5 is to identify appropriate and mutually beneficial methods for the use of industrial by-product soil buffering materials. Proper use will minimize current waste disposal problems, provide a market for an underutilized resource, and make available to farmers an effective, low-cost soil buffering product.

Subd. 2. [AUTHORITY.] The commissioner shall coordinate the design and implementation of a demonstration project to examine the technical feasibility, economic benefits, and environmental impacts of using industrial by-product soil buffering materials as a substitute for limestone and other traditional soil buffering materials.

Subd. 3. [PROCEDURES DEVELOPED.] The demonstration project must identify and recommend as proposed standards appropriate procedures for the sampling, analysis, TNP labeling, storage, stockpiling, transportation, and application of industrial by-product

soil buffering materials. After TNP labeling standards have been established, which must be no later than March 1, 1989, they must be provided to the landowner or tenant prior to land application or stockpiling.

Subd. 4. [SCOPE.] The demonstration project must be on a scale deemed by the commissioner to be efficient and manageable while providing the greatest practicable use of industrial by-product soil buffering materials for agricultural purposes.

Sec. 3. [17.7423] [RESPONSIBILITIES OF THE COMMISSIONER.]

Subdivision 1. [BROAD PARTICIPATION.] The commissioner shall seek participation in the demonstration project by other persons, institutions, and organizations having an interest in soil buffering materials and industrial by-product soil buffering materials including the pollution control agency, one or more counties, one or more soil and water conservation districts, and the University of Minnesota.

Subd. 2. [PUBLIC EDUCATION.] The commissioner shall seek to maximize the public education benefit of the demonstration program.

Sec. 4. [17.7424] [ENVIRONMENTAL CONTROLS.]

Subdivision 1. [SAMPLING; ANALYSIS.] The commissioner and the commissioner's agents may sample, inspect, make analysis of, and test industrial by-product soil buffering materials used in the demonstration project and study at a time and place and to an extent the commissioner considers necessary to determine whether the industrial by-product soil buffering materials are suitable for the project. The commissioner and the commissioner's agents may enter public or private premises where demonstration projects are being conducted in order to have access to:

- (1) soil buffering materials used in the demonstration project;
- (2) sampling of sites actually or reportedly exposed to industrial by-product soil buffering materials;
- (3) inspection of storage, handling, transportation, use, or disposal areas of industrial by-product soil buffering materials;
- (4) inspection or investigation of complaints of injury to humans, wildlife, domesticated animals, crops, or the environment;
- (5) observation of the use and application of the soil buffering material;

(6) inspection of records related to the production, transportation, stockpiling, use, or disposal of industrial by-product soil buffering material; and

(7) other purposes necessary to implement sections 1 to 5.

Subd. 2. [RECEIPT FOR INSPECTION SAMPLES; REPORT ON ANALYSES.] Before leaving inspected premises, the commissioner shall provide the owner, operator, or agent in charge with a receipt describing any samples obtained. If an analysis is made of the samples, a copy of the results of the analysis must be furnished to the owner, operator, or agent in charge.

Subd. 3. [EMERGENCY INSPECTION.] The commissioner and the commissioner's agents may enter public or private property without a notice of inspection if a suspected incident involving industrial by-product soil buffering materials may threaten public health or the environment.

Sec. 5. [17.7425] [REPORT.]

The commissioner shall report to the committees on agriculture of the house of representatives and senate by March 1, 1989, and on March 1 of each year thereafter, about the activities, findings, and recommendations related to the demonstration project.

Sec. 6. [EXEMPTION.]

Sections 1 to 5 do not apply to industrial by-product soil buffering material produced at a facility if the University of Minnesota, North Central Experimental Station, has conducted a study of the material at that facility.

Sec. 7. [REPEALER.]

Sections 1 to 6 are repealed June 30, 1991.

Sec. 8. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 8

ORGANIC CERTIFICATION

Section 1. [31.95] [ORGANIC CERTIFICATION.]

Subdivision 1. [DESIGNATION.] The commissioner shall design-

nate one or more organizations located in this state, made up of organic food growers, manufacturers, or sellers, to certify organically grown seeds, products, and food.

Subd. 2. [FEES.] The commissioner shall prescribe fees to be charged to persons for certification of organically grown seeds, production, and food under section 16A.128. By 1991, fees collected must reflect the total annual cost of certification.

Subd. 3. [CERTIFICATION REQUIREMENT.] An organic certification agency may not refuse services or certification to a person:

(1) whose seeds, production, and food meet certification requirements; and

(2) who has paid membership dues and certification fees.

Subd. 4. [RULES.] The organic certification organization may draft rules for submission to the commissioner to adopt for implementation of the organically grown certification program.

ARTICLE 9

CROP HAIL INSURANCE RATE FILING

Section 1. [60A.32] [RATE FILING FOR CROP HAIL INSURANCE.]

An insurer issuing policies of insurance against crop damage by hail in this state shall file its insurance rates with the commissioner. The insurance rates must be filed before April 1 of the year in which a policy is issued.

ARTICLE 10

RURAL FINANCE AUTHORITY

Section 1. Minnesota Statutes 1987 Supplement, section 41B.01, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] Sections 41B.01 to 41B.23 create and establish the Minnesota rural finance authority and establish a program under which state bonds are authorized to be issued and proceeds of their sale are appropriated under the authority of article XI, section 5, clause (h) of the Minnesota Constitution, to develop the state's agricultural resources by extending credit on real estate security. The purpose of the rural finance authority's programs and

of the bonds issued to finance or provide security for the programs is to purchase participation interests in loans, including seller-sponsored loans to be made available by agricultural lenders to farmers on terms and conditions not otherwise available from other credit sources. It is hereby found and declared that there presently exist in the state economic conditions which have severely adversely affected the economic viability of farms to the detriment of the rural economy and to the detriment of the economy of the state of Minnesota as a whole. It is further found and declared that as a result of public agricultural policies, agricultural market conditions, and other causes, the condition of the farm economy of the state of Minnesota is such as to jeopardize the continued existence and successful operation of farms in this state, necessitating the establishment of the programs in sections 41B.01 to 41B.23 to provide new sources of credit on favorable terms and conditions. It is further found and declared that providing credit for farmers on favorable terms and conditions will serve and promote the public welfare by assuring the viability of farm operations, by preventing erosion of the tax base in rural areas, by reducing foreclosures on farm property, and by enhancing the financial stability of farmers and of the businesses which depend on farmers as customers. It is further found and declared that in establishing a Minnesota rural finance authority and in authorizing the programs in sections 41B.01 to 41B.23, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purpose of improving and otherwise promoting their health, welfare, and prosperity and that the Minnesota rural finance authority, as created and established, is empowered to act on behalf of the people of the state of Minnesota in serving this public purpose for the benefit of the general public.

Sec. 2. Minnesota Statutes 1986, section 41B.02, is amended by adding a subdivision to read:

Subd. 18. [SELLER-SPONSORED LOAN.] "Seller-sponsored loan" means a loan in which part or all of the price of a farm is financed by a loan from the seller of the farm who is a natural person, a partnership, or a family farm corporation as defined in section 500.24, located in Minnesota. The loan must be secured by a real estate mortgage evidenced by one or more notes that may carry different interest rates or by a contract for deed. The definition of a seller-sponsored loan under this subdivision does not include a loan between persons within the second degree of kindred according to common law. A seller-sponsored loan may not be made to a person who has previously defaulted on a state loan or state guarantee of a loan.

Sec. 3. Minnesota Statutes 1987 Supplement, section 41B.03, subdivision 3, is amended to read:

Subd. 3. [BEGINNING FARMER LOANS.] In addition to the

requirements under subdivision 1, a prospective borrower for a beginning farm loan, including a seller-sponsored loan, in which the authority holds an interest, must:

- (1) have sufficient education, training, or experience in the type of farming for which the loan is desired;
- (2) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$100,000;
- (3) demonstrate a need for the loan;
- (4) demonstrate an ability to repay the loan;
- (5) demonstrate that the agricultural land to be purchased will be used by the borrower for agricultural purposes; and
- (6) demonstrate that farming will be the principal occupation of the borrower.

Sec. 4. Minnesota Statutes 1987 Supplement, section 41B.039, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The authority may establish, develop criteria, and implement a beginning farmer program. The program must assist persons entering farming who have not owned a farm before entering the beginning farmer program. The program may include assistance for persons entering or reentering farming through the use of seller-sponsored loans.

Sec. 5. Minnesota Statutes 1987 Supplement, section 41B.039, subdivision 2, is amended to read:

Subd. 2. [STATE PARTICIPATION.] The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of ~~one-fourth~~ 35 percent of the principal amount of the loan or \$25,000 \$50,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 6. Minnesota Statutes 1987 Supplement, section 41B.039, subdivision 4, is amended to read:

Subd. 4. [FARM MANAGEMENT.] A borrower must agree to participate in a farm management program approved by the commissioner of agriculture for at least the first ~~eight~~ five years of the loan.

Sec. 7. Minnesota Statutes 1987 Supplement, section 41B.05, is amended to read:

41B.05 [GENERAL POWERS OF THE AUTHORITY.]

For the purpose of exercising the specific powers granted in section 41B.04 and effectuating the other purposes of sections 41B.01 to 41B.23 the authority has the general powers granted in this section.

- (a) It may sue and be sued.
- (b) It may have a seal and alter the seal.
- (c) It may make, and from time to time, amend and repeal rules consistent with sections 41B.01 to 41B.23.
- (d) It may acquire, hold, and dispose of real or personal property for its corporate purposes.
- (e) It may enter into agreements, contracts, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of sections 41B.01 to 41B.23.
- (f) It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate.
- (g) It may provide general technical services related to rural finance.
- (h) It may provide general consultative assistance services related to rural finance.
- (i) It may promote research and development in matters related to rural finance.
- (j) It may enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of farms financed in whole or in part by the proceeds of qualified agricultural loans.
- (k) It may enter into agreements with other appropriate federal, state, or local governmental units to foster rural finance. It may give advance reservations of loan financing as part of the agreements, with the understanding that the authority will only approve the loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in such programs.

(l) It may undertake and carry out studies and analyses of rural financing needs within the state and ways of meeting such needs including: data with respect to geographical distribution; farm size; the distribution of farm credit needs according to debt ratios and similar factors; the amount and quality of available financing and its distribution according to factors affecting rural financing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and may engage in research and disseminate information on rural finance.

(m) It may survey and investigate the rural financing needs throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing shortage in the state.

(n) It may establish cooperative relationships with such county and multicounty authorities as may be established and may develop priorities for the utilization of authority resources and assistance within a region in cooperation with county and multicounty authorities.

(o) It may contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers or others, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in sections 41B.01 to 41B.23 and to carry out the objectives of sections 41B.01 to 41B.23 and may pay for the services from authority funds.

(p) It may establish cooperative relationships with counties to develop priorities for the use of authority resources and assistance within counties and to consider county plans and programs in the process of setting the priorities.

(q) It may delegate any of its powers to its officers or staff.

(r) It may enter into agreements with qualified agricultural lenders or others insuring or guaranteeing to the state the payment of all or a portion of qualified agricultural loans.

(s) It may enter into agreements with eligible agricultural lenders providing for advance reservations of purchases of participation interests in restructuring loans, if the agreements provide that the authority may only purchase participation interests in restructuring loans under the normal procedure. The authority may provide in an agreement for special procedures or requirements designed to meet specific conditions or requirements.

(t) It may allow farmers who are natural persons to combine

programs of the federal Agriculture Credit Act of 1987 with programs of the rural finance authority.

ARTICLE 11

INTEREST RATE BUY-DOWN ADJUSTMENT

Section 1. [INTEREST RATE BUY-DOWN ADJUSTMENT.]

Subdivision 1. [ELIGIBILITY.] Notwithstanding Laws 1987, chapter 15, section 8, subdivision 2, the commissioner may consider a farmer an eligible buyer if the farmer has a loan balance with a lender under the Federal Guaranteed Operating Loan Program with the Interest Rate Buy-down Program administered by the FmHA between the dates January 1, 1987, and December 31, 1988, and complies with the remaining provisions of Laws 1987, chapter 15.

Subd. 2. [LATER MATURITY.] Notwithstanding Laws 1987, chapter 15, section 8, subdivision 3, the commissioner may consider a farm operating loan eligible for interest rate buy-down even though the maturity date is later than June 30, 1989, if the maturity date is later due to participation in the Federal Guaranteed Operating Loan Program Interest Rate Buy-down Program administered by the FmHA.

Subd. 3. [PAYMENT AFTER REQUEST.] Notwithstanding Laws 1987, chapter 15, section 4, subdivision 5, the commissioner may pay the last one-half of the interest rate buy-down amount within 30 days after request for final payment is received from the lender.

Sec. 2. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 12

EXTENSION OF DEADLINE FOR SEED POTATO STANDARDS

Section 1. Laws 1987, chapter 124, section 2, is amended to read:

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective for potatoes planted after January 1, 1989
1990.

ARTICLE 13

AGRICULTURAL CONTRACT TASK FORCE

Section 1. [AGRICULTURAL CONTRACT TASK FORCE.]

The commissioner of agriculture shall form an advisory task force to determine the feasibility of changing existing programs or developing a new program to provide economic protection for farmers producing agricultural commodities under contract. The economic protection would be provided when businesses have filed bankruptcy and are unable to make payments under the contract or are otherwise financially unable to make payments under the contract.

The advisory task force membership must include farmers, canning processors, contract seed businesses, livestock and poultry contractors, other agricultural processors, farm organizations, and bonding and financial institutions.

The commissioner shall coordinate meetings of the advisory task force, provide staff support, and participate in the advisory task force meetings.

The commissioner shall prepare a report of recommendations of the task force including recommendations for the legislature. The report must be presented to the chairs of the agriculture committees in the legislature by January 15, 1989.

ARTICLE 14

DRY EDIBLE BEANS

Section 1. Minnesota Statutes 1986, section 223.16, subdivision 4, is amended to read:

Subd. 4. [GRAIN.] "Grain" means any cereal grain, coarse grain or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture or the Minnesota board of grain standards, dry edible beans, or any other agricultural ~~crop~~ which crops designated by the commissioner may designate by rule.

Sec. 2. Minnesota Statutes 1986, section 232.21, subdivision 7, is amended to read:

Subd. 7. [GRAIN.] "Grain" means any cereal grain, course grain or oilseed in unprocessed form for which a standard has been estab-

lished by the United States secretary of agriculture or the Minnesota board of grain standards, dry edible beans, or agricultural crops designated by the commissioner by rule.

Sec. 3. Minnesota Statutes 1986, section 232.23, subdivision 4, is amended to read:

Subd. 4. [FORM OF GRAIN WAREHOUSE RECEIPT.] (a) A grain warehouse receipt must be in duplicate, contain the name and location of the grain warehouse, and be delivered to the depositor or the depositor's agent. Grain warehouse receipts shall be consecutively numbered as prescribed by the commissioner and state the date of deposit, except where the deposit of a certain lot for storage is not completed in one day. In that case, the grain warehouse receipt, when issued, shall be dated not later than Saturday of the week of delivery.

(b) A grain warehouse receipt shall contain either on its face or reverse side the following specific grain warehouse and storage contract: "This grain is received, insured and stored through the date of expiration of the annual licenses of this grain warehouse and terms expressed in the body of this grain warehouse receipt shall constitute due notice to its holder of the expiration of the storage period. It is unlawful for a public grain warehouse operator to charge or collect a greater or lesser amount than the amount filed with the commissioner. All charges shall be collected by the grain warehouse operator upon the owner's presentation of the grain warehouse receipt for the sale or delivery of the grain represented by the receipt, or the termination of the storage period. Upon the presentation of this grain warehouse receipt and payment of all charges accrued up to the time of presentation, the above amount, kind and grade of grain will be delivered within the time prescribed by law to the depositor or the depositor's order."

(c) A grain warehouse receipt shall also have printed on it the following:

"Redemption of Receipt

Received from, the sum of \$ or bushels in full satisfaction of the obligation represented by this grain warehouse receipt.

Gross price per bushel \$

Storage per bushel \$

Net price per bushel \$

All blank spaces in this grain warehouse receipt were filled in before I signed it and I certify that I am the owner of the commodity for which this grain warehouse receipt was issued and that there are no liens, chattel mortgages or other claims against the commodity represented by this grain warehouse receipt.

Accepted Signed
Warehouse operator Dated

This redemption shall be signed by the depositor or the depositor's agent in the event that the grain represented is redelivered or purchased by the public grain warehouse operator. Signature of this redemption by the depositor constitutes a valid cancellation of the obligation embraced in the storage contract."

(d) A warehouse receipt for dry edible beans must state the grade of the dry edible beans delivered to the grain warehouse and the redelivery charge required under section 4, paragraph (a).

Sec. 4. Minnesota Statutes 1986, section 232.23, is amended by adding a subdivision to read:

Subd. 10a. [REDELIVERY OF DRY EDIBLE BEANS.] (a) A public grain warehouse shall deliver dry edible beans to a holder of a warehouse receipt after the warehouse receipt holder pays a redelivery charge and the charges accrued until the time the warehouse receipt is surrendered to the grain warehouse operator. The dry edible beans must be dry and processed to acceptable standards for canning and packaging use. The redelivery charge may not exceed \$3 per net hundredweight of the dry edible beans. The commissioner may determine the maximum redelivery charge by rule, after receiving a petition to change the redelivery charge signed by at least 25 dry edible bean processors, producers, and public warehouse operators.

(b) A grain warehouse operator shall deliver dry edible beans in bags or in bulk as requested by the warehouse receipt holder. The warehouse receipt holder shall furnish the bags if dry edible beans are to be bagged.

(c) A grain warehouse operator shall grade the dry edible beans if requested by the warehouse receipt holder. The grain warehouse operator may determine grade by United States Department of Agriculture standards, Northarvest standards, or Michigan Bean Shippers Association standards. The warehouse receipt holder shall pay grading fees.

ARTICLE 15

SUSTAINABLE AGRICULTURE LOANS AND GRANTS

Section 1. [17.115] [SHARED SAVINGS LOAN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner shall establish a shared savings loan program to provide loans that enable farmers to adopt best management practices that emphasize sufficiency and self-sufficiency in agricultural inputs, including energy efficiency, reduction of petroleum and chemical inputs, and increasing the energy self-sufficiency of agricultural producers.

Subd. 2. [LOAN CRITERIA.] (a) The shared savings loan program must provide loans for purchase of new or used machinery, installation of equipment, and projects that reduce or make more efficient farm energy use. Eligible loan uses do not include seed, fertilizer, or fuel.

(b) Loans may not exceed \$15,000 per individual applying for a loan and may not exceed \$75,000 for loans to five or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest on the loans is six percent.

(c) Loans may only be made to residents of this state engaged in farming.

Subd. 3. [AWARDING OF LOANS.] (a) Applications for loans must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a loan review panel appointed by the commissioner. The loan review panel shall consist of two lenders with agricultural experience, two resident farmers of the state using sustainable agriculture methods, a farm management specialist, a representative from a post-secondary education institution, and a chairperson from the department.

(c) The loan review panel shall rank applications according to the following criteria:

(1) realize savings to the cost of agricultural production and project savings to repay the cost of the loan;

(2) reduce or make more efficient use of energy; and

(3) reduce production costs.

(d) A loan application must show that the loan can be repaid by the applicant.

(e) The commissioner must consider the recommendations of the loan review panel and may make loans for eligible projects. Priority must be given based on the amount of savings realized by adopting the practice implemented by the loan.

Subd. 4. [ADMINISTRATION; INFORMATION DISSEMINATION.] The amount in the revolving loan account is appropriated to the commissioner to make loans under this section and administer the loan program. The interest on the money in the revolving loan account and the interest on loans repaid to the state may be spent by the commissioner for administrative expenses. The commissioner shall collect and disseminate information relating to projects for which loans are given under this section.

Sec. 2. [17.116] [SUSTAINABLE AGRICULTURE DEMONSTRATION GRANTS.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of agriculture shall establish a grant program for sustainable agriculture methods that demonstrates best management practices, including farm input reduction, farm energy efficiency, or usable on-farm energy production. The commissioner shall use the program to demonstrate and publicize the energy efficiency, environmental benefit, and profitability of sustainable agriculture techniques. The grants must fund demonstrations on farms of external input reduction techniques or farm scale energy production methods consistent with the program objectives.

Subd. 2. [ELIGIBILITY.] (a) Grants may only be made to farmers, educational institutions, or nonprofit organizations residing or located in the state for demonstrations on farms in the state.

(b) Grants may only be made for projects that show:

(1) the ability to maximize direct or indirect energy savings or production;

(2) a positive effect or reduced adverse effect on the environment; and

(3) profitability for the individual farm.

Subd. 3. [AWARDING OF GRANTS.] (a) Applications for grants must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended

by a technical review panel appointed by the commissioner. The technical review panel shall consist of a soil scientist, an agronomist, a representative from a post-secondary educational institution, two resident farmers of the state using sustainable agriculture methods, and a chairperson from the department.

(c) The technical review panel shall rank applications according to the following criteria:

- (1) direct or indirect energy savings or production;
- (2) environmental benefit;
- (3) farm profitability;
- (4) the number of farms able to apply the techniques or the technology proposed;
- (5) the effectiveness of the project as a demonstration;
- (6) the immediate transferability of the project to farms; and
- (7) the ability of the project to accomplish its goals.

(d) The commissioner shall consider the recommendations of the technical review panel and may award grants for eligible projects. Priority must be given to applicants who are farmers or groups of farmers.

(e) Grants for eligible projects may not exceed \$25,000 unless the portion above \$25,000 is matched on an equal basis by the applicant's cash or in-kind land use contribution. Grant funding of projects may not exceed \$50,000 under this section, but applicants may utilize other funding sources. A portion of each grant must be targeted for public information activities of the project.

(f) A project may continue for up to three years. Multi-year projects must be reevaluated by the technical review panel and the commissioner before second or third year funding is approved. A project is limited to one grant for its funding.

(g) Only one grant under this section may be made per grantee.

ARTICLE 16

SCHOOL MILK PROGRAM

Section 1. [124.648] [MILK PROGRAM.]

Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature finds that for best health and well-being, school children in the state should receive at least one serving of milk each day. The school milk program established in this section is to provide school districts in the state with added resources so that all kindergarten students in public and nonpublic schools may have access to wholesome milk on a daily basis.

Subd. 2. [ESTABLISHMENT; SCHOOL PARTICIPATION.] Each school district in the state is encouraged to participate in the state-supported school milk program for kindergartners. Participating districts shall provide one serving of milk on each school day to each kindergarten student attending a public or nonpublic school in the district. No student is required to accept the milk that is provided by the district. The program must be promoted and operated under the direction of the commissioner or the commissioner's designee.

Subd. 3. [PROGRAM GUIDELINES; DUTIES OF THE COMMISSIONER.] (a) The commissioner shall:

(1) encourage all districts to participate in the school milk program for kindergartners;

(2) prepare program guidelines, not subject to chapter 14, which will effectively and efficiently distribute appropriated and donated money to participating districts; and

(3) seek donations and matching funds from appropriate private and public sources.

(b) Program guidelines may provide for disbursement to districts through a mechanism of prepayments or by reimbursement for approved program expenses.

(c) It is suggested that the benefits of the school milk program may reach the largest number of kindergarten students if districts are allowed to submit annual bids stating the per-serving level of support that would be acceptable to the district for their participation in the program. The commissioner would review all bids received and approve bids in sufficient number and value to maximize the provision of milk to kindergarten students consistent with available funds.

Subd. 4. [REIMBURSEMENT.] In accordance with program guidelines, the commissioner shall prepay or reimburse participating school districts for the state share of the district's cost for providing milk to kindergarten students.

ARTICLE 17

DEGRADABLE PLASTICS

Section 1. [325E.045] [PURCHASE, SALE, AND USE OF CERTAIN POLYETHYLENE MATERIAL PROHIBITED.]

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

(a) "Degradable" means capable of being decomposed by natural biological processes, including exposure to ultraviolet rays of the sun, within five years after the date of disposal.

(b) "Person" means an individual, partnership, corporation, sole proprietorship, association, or other for-profit or nonprofit organization, including the state and its political subdivisions.

(c) "Polyethylene disposal bag" means a bag made of polyethylene that is used or intended to be used for disposal of mixed municipal solid waste as defined in section 115A.03.

(d) "Polyethylene beverage ring" means a device made of polyethylene that is used or intended to be used to hold beverage bottles or other beverage containers together.

(e) "Public agency" means the state, an office, agency, or institution of the state, a county, a statutory or home rule charter city, a town, a school district, or another special taxing district.

Subd. 2. [BEVERAGE RING USE AND SALE PROHIBITED.] A person may not use, sell, or offer for sale a polyethylene beverage ring that is not degradable.

Subd. 3. [GOVERNMENTAL PURCHASE PROHIBITED.] A public agency may not purchase polyethylene disposal bags that are not degradable.

Subd. 4. [GOVERNMENTAL USE PROHIBITED.] A public agency may not use polyethylene disposal bags that are not degradable.

Sec. 2. [DEGRADABLE PLASTICS TASK FORCE.]

Subdivision 1. [ESTABLISHMENT.] An advisory task force on degradable plastics is established. The task force consists of the commissioners of agriculture, commerce, and the pollution control agency, the director of the waste management board, the president of the greater Minnesota corporation, the head of the consumer

affairs division of the attorney general's office, and two representatives of industry and one retailer appointed by the rural development board. Representatives of other state agencies may also become members of the task force with the approval of a majority of its members.

Subd. 2. [DUTIES.] The task force shall study the feasibility and consequences of requiring industry and consumer products other than items in section 1 to be degradable.

Subd. 3. [REPORT.] The task force shall report its findings, along with any proposed legislation the task force believes necessary, to the legislature by January 1, 1990, after which the task force expires.

Subd. 4. [ADMINISTRATION AND EXPENSES.] The task force is attached to the rural development board for administrative purposes and the board shall furnish the task force with office space and administrative assistance necessary to fulfill the duties of the task force. Members of the task force must be paid their expenses under section 15.059.

Sec. 3. [EFFECTIVE DATE.]

Section 1, subdivision 2, is effective January 1, 1989. Section 1, subdivisions 3 and 4, are effective July 1, 1990.

ARTICLE 18

ETHANOL DEVELOPMENT

Section 1. Minnesota Statutes 1986, section 41A.09, is amended by adding a subdivision to read:

Subd. 6. [CONTINUED PAYMENTS.] A plant in production or under construction by January 1, 1990, shall continue to receive uninterrupted payments under subdivision 3 of at least 20 cents per gallon of ethanol produced until July 1, 2000.

ARTICLE 19

LIVESTOCK REPORT DEADLINE

Section 1. Laws 1987, chapter 396, article 9, section 1, subdivision 4, is amended to read:

Subd. 4. [REPORT.] The interdisciplinary study team shall pre-

pare and deliver to the commissioner of agriculture a report on the results of the study. If feasible, the study team shall also submit the results of the study in a form appropriate for publication in one or more recognized scientific journals. The commissioner shall report results of the study to the house and senate committees on agriculture not later than February August 1, 1989.

ARTICLE 20

LABORATORY SERVICES ACCOUNT

Section 1. [17.85] [LABORATORY SERVICES ACCOUNT.]

A laboratory services account is established in the state treasury. Payments for laboratory services performed by the laboratory services division of the department of agriculture must be deposited in the state treasury and credited to the laboratory services account. Money in the account, including interest earned on the account, is annually appropriated to the commissioner of agriculture to administer the programs of the laboratory services division.

ARTICLE 21

APPROPRIATIONS

Section 1. [APPROPRIATION CANCELLATION.]

All money appropriated by Laws 1987, chapter 15, section 10, subdivision 1, clauses (a) and (b), for purposes of program "A" in 1987 and program "B" in 1987 and 1988 that remains unencumbered on July 1, 1988, and all money transferred to the interest rate buy-down program by Laws 1987, chapter 15, section 10, subdivision 4, is canceled.

Sec. 2. [STATE AGRICULTURAL PRODUCT USE REPORT.]

\$35,000 is appropriated from the general fund to the commissioner of agriculture to contract for an investigation and report on the use of state agricultural products within the state and opportunities for expanded markets for state agricultural products within the state under article 1. This appropriation is available until June 30, 1989.

Sec. 3. [ORGANIC FOOD CERTIFICATION AND ENFORCEMENT.]

Subdivision 1. [START-UP CERTIFICATION COSTS.] \$100,000 is

appropriated from the general fund to the commissioner of agriculture for a grant to an organic certification organization for start-up and initial administrative costs for the purpose of promoting and marketing "Minnesota grown" certified organic food products. This appropriation is available until June 30, 1989.

Subd. 2. [ENFORCEMENT COSTS.] \$50,000 is appropriated from the general fund to the commissioner of agriculture to administer and enforce the organic food law, Minnesota Statutes, sections 31.92 to 31.94. This appropriation is available until June 30, 1989.

Sec. 4. [BLUEGRASS SEED AND TURF PRODUCTION.]

\$35,000 is appropriated from the general fund to the commissioner of agriculture, to be available until June 30, 1989, for a bluegrass seed and turf production program as follows:

<u>(1) for contracting for personnel and labor costs related to bluegrass seed production over one year</u>	<u>\$20,000</u>
<u>(2) for establishment and evaluation of sod varieties on mineral and peat soil, direct seeded turf varieties, and turf characteristics</u>	<u>\$15,000</u>

Sec. 5. [ALFALFA EXTRACTION PROCESS.]

\$300,000 is appropriated from the general fund to the commissioner of agriculture, to be matched on the basis of \$2 of nonstate money or in-kind contributions for each \$1 of this appropriation, to establish a pilot plant for a protein xanthophyll alfalfa extraction process. The commissioner must contract to establish a pilot plant for the process and operations of the plant with the required testing for markets. This appropriation is available until June 30, 1989.

Sec. 6. [SWEET SORGHUM RESEARCH AND DEMONSTRATION.]

\$94,000 is appropriated from the general fund to the commissioner of agriculture for transfer to the Mankato Technical Institute for the sweet sorghum research and demonstration project on the feasibility of growing, harvesting, and processing sweet sorghum as a Minnesota crop. This appropriation is available until June 30, 1989.

Sec. 7. [SUSTAINABLE AGRICULTURE.]

Subdivision 1. [REVOLVING LOAN FUND.] \$1,000,000 is appropriated from the general fund to the commissioner of agriculture to

be credited to a revolving loan account for low-interest loans to farmers to adopt sustainable agriculture practices. Money in the account does not cancel but is appropriated to the commissioner of agriculture to make low-interest loans to farmers under this subdivision. Notwithstanding chapter 14, the commissioner shall prescribe procedures for application and implementation of the program.

Subd. 2. [DEMONSTRATION GRANT PROGRAM.] \$300,000 is appropriated from the general fund to the commissioner of agriculture for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be cost-shared at a state-applicant ratio of 1 to 1. Priority must be given for projects involving multiple parties. Up to \$20,000 of this appropriation may be used for dissemination of information about the demonstration grant projects. This appropriation is available until June 30, 1989.

Sec. 8. [RURAL HEALTH AND SAFETY PROGRAM.]

\$50,000 is appropriated from the general fund to the Minnesota Extension services for purposes of the rural health and safety program in article 2. This appropriation must be matched by \$25,000 of university or extension service funds. Money in this appropriation must be released to the extension service as matching funds are made available in the ratio of \$2 in general fund money for each \$1 of matching money. This appropriation is available until June 30, 1989.

Sec. 9. [DAIRY TASK FORCE.]

\$30,000 is appropriated from the unfair dairy trade practices account to the commissioner of agriculture to be matched dollar for dollar by private money to pay for the expenses of the Minnesota dairy task force and pilot projects in article 3. This appropriation is available until June 30, 1989.

Sec. 10. [MINNESOTA GROWN COUPONS TO WIC RECIPIENTS.]

\$85,000 is appropriated from the general fund to the commissioner of agriculture to be available until June 30, 1989, for a pilot program to provide Minnesota grown coupons for women, infants, and children program recipients. The commissioner of agriculture in cooperation with the commissioner of health may conduct pilot projects to give Minnesota grown coupons redeemable for food identified with a Minnesota grown logo or labeling statement at selected sites to women, infants, and children program recipients. The commissioner shall conduct an evaluation of the pilot program, prepare a report, and submit the report to the legislature by January 1, 1989.

Sec. 11. [MINNESOTA GROWN LABELING.]

\$20,000 is appropriated from the general fund to the commissioner of agriculture to develop different versions of the labeling statement and adopt rules under article 4. This appropriation is available until June 30, 1989.

Sec. 12. [SOIL TESTING LABORATORY CERTIFICATION.]

\$15,000 is appropriated from the general fund to the commissioner of agriculture to implement and administer the soil testing laboratory certification program in article 5. This appropriation is available until June 30, 1989.

Sec. 13. [PLANT PEST SURVEY PROGRAM.]

\$171,000 is appropriated from the general fund to the commissioner of agriculture to survey and detect plant pests and disseminate information to farmers on making appropriate applications of pesticides and nonchemical controls. This appropriation is available until June 30, 1989.

The approved complement of the department of agriculture is increased by three positions to administer the plant pest survey and detection program.

The commissioner of agriculture shall prepare a report on plant pest survey and detection and submit it to the legislature by June 1, 1990.

Sec. 14. [GRAIN MARKETING.]

\$100,000 is appropriated from the general fund to the commissioner of agriculture for purposes of providing periodic reviews of test equipment and test equipment operators under article 6. The approved complement of the department of agriculture is increased by three positions. This appropriation is available until June 30, 1989.

Sec. 15. [BY-PRODUCT SOIL BUFFERING.]

\$70,000 is appropriated from the general fund to the commissioner of agriculture for purposes of the demonstration project and study of industry by-product soil buffering materials in article 7. This appropriation is available until June 30, 1989. Of this amount, up to \$50,000 is available to the commissioner of agriculture for expenses of administering and coordinating the demonstration project. The balance of the appropriation may be used by the commissioner for material testing and analysis and other activities related to the demonstration project and performed by the University of Minnesota or other qualified participants or organizations.

Sec. 16. [AMARANTH PROCESSING FEASIBILITY.]

\$125,000 is appropriated to the commissioner of agriculture, to be matched on the basis of \$1 of nonstate money for each \$2 of this appropriation, for contracting for a study to design and investigate the feasibility of processing, marketing, and production of amaranth, and constructing an amaranth pilot processing plant. This appropriation is available until June 30, 1989. As part of the contract, a report must be prepared and submitted to the chairs of the agriculture committees of the legislature by December 1, 1989.

Sec. 17. [SOIL AND WATER STEWARDSHIP EDUCATION.]

\$80,000 is appropriated from the general fund to the legislative coordinating commission to make a grant to an organization to collect and disseminate materials on soil and water stewardship designated by the joint legislative committee on agricultural land preservation and soil and water conservation. This appropriation is available until June 30, 1989. The joint committee shall request proposals to locate, collect, index, and organize materials on soil and water stewardship for dissemination to primary and secondary schools for use in curricula. The joint committee shall designate an appropriate organization to review how existing requirements for environmental education are being met and report to the chairs of the agriculture committees of the legislature by February 1, 1989.

Sec. 18. [DEGRADABLE PLASTICS.]

\$50,000 is appropriated from the general fund to the rural development board for the purposes of article 17, section 2, to be available until January 1, 1990.

Sec. 19. [SCHOOL MILK PROGRAM.]

Subdivision 1. [GENERAL FUND APPROPRIATION.] \$800,000 is appropriated from the general fund to the commissioner of education for the school milk program in article 16, to be available until June 30, 1989. Of this amount, up to \$10,000 may be used for costs of administering the school milk program.

Subd. 2. [MATCHING FUNDS IN SUBSEQUENT YEARS.] The commissioner of education shall identify likely sources of matching funds for the school milk program in years after the 1988-1989 school year. It is the intent of the legislature to require non-state funds to match general fund appropriations to the school milk program in future years.

Sec. 20. [PURPLE LOOSESTRIFE.]

\$50,000 is appropriated from the general fund to the commis-

sioner of agriculture, to be available until June 30, 1989, for eradication of purple loosestrife (lithrum salicaria) on farm land where the farmer is required to eradicate the purple loosestrife because of the noxious weed law, Minnesota Statutes, sections 18.171 to 18.315. Upon written permission by the farmer, the commissioner or the commissioner's designee may enter upon the farm land to eradicate purple loosestrife.

The commissioner may adopt rules or temporary rules necessary for the administration of this section.

Sec. 21. [COUNTY AND DISTRICT AGRICULTURAL SOCIETIES; OTHER ASSOCIATIONS.]

\$145,000 is appropriated from the general fund to the commissioner of agriculture to provide supplemental funding for state aid to county and district agricultural societies under Minnesota Statutes, section 38.02, and to other associations as follows:

<u>County and District Agricultural Societies</u>	<u>\$101,025</u>
<u>Red River Valley Livestock Association</u>	<u>2,395</u>
<u>Northeastern Minnesota Junior Livestock Association</u>	<u>485</u>
<u>Livestock Premiums/Boys and Girls</u>	<u>1,500</u>
<u>Red Lake Band of Chippewa Indians</u>	<u>365</u>
<u>Poultry Association</u>	<u>730</u>
<u>Minnesota Poultry Association</u>	<u>375</u>
<u>Northern Poultry Association</u>	<u>45</u>
<u>Red River Valley Dairymen's Association</u>	<u>485</u>
<u>Minnesota Livestock Breeder's Association</u>	<u>7,675</u>
<u>Northern Sheep Grower's Association</u>	<u>45</u>
<u>Northern Crops Institute</u>	<u>29,925</u>

This appropriation is available until June 30, 1989.

Sec. 22. [BEGINNING FARMER AND FARM BUSINESS MANAGEMENT EDUCATION PROGRAMS.]

\$125,000 is appropriated from the general fund to the state board of vocational technical education to be available until June 30, 1989. \$50,000 of this appropriation is to make \$2,500 grants to technical institutes and school districts to provide an educational program for beginning farmers pursuing a career in agriculture, and the balance is to operate farm business management programs assisting in the farmer-lender mediation process.

Sec. 23. [MEDIATION PROGRAM; COMMISSIONER OF AGRICULTURE.]

\$200,000 is appropriated from the general fund to the commissioner of agriculture to use for the participation of farm advocates in

farmer-lender mediation and operation and administration of the mediation program. This appropriation is available until June 30, 1989.

Sec. 24. [EFFECTIVE DATE.]

Sections 10 and 21 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; providing alternatives for meaningful long-term benefits to Minnesota agriculture; providing initiatives for farmers to use sustainable agriculture; developing agricultural practices that minimize the use of energy in production agriculture; establishing a study of the use of Minnesota grown products under certain conditions; establishing a rural health and safety program; establishing a Minnesota dairy task force; authorizing different versions of the Minnesota grown label; establishing a program to certify soil testing laboratories; prescribing periodic review of grain testing equipment; authorizing a soil buffering demonstration project; authorizing designation of organic certification agencies; requiring crop hail insurance providers to file rates; authorizing the rural finance authority to implement a seller-sponsored loan program; amending requirements of rural finance authority loan programs; adjusting interest rate buy-down program eligibility; extending deadline for seed potato standards; providing for certain ethanol development payments; establishing a school milk program; establishing a laboratory services account; establishing a degradable plastics task force; restricting use of certain plastic products; regulating dry edible beans; establishing an agricultural contract task force; regulating the marketing of certain grains; appropriating money; amending Minnesota Statutes 1986, sections 17B.02; 41A.09, by adding a subdivision; 41B.02, by adding a subdivision; 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, subdivision 4, and by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 17B.05; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1, 2, and 4; and 41B.05; Laws 1987, chapters 124, section 2; and 396, article 9, section 1, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 16B; 17; 17B; 31; 32; 60A; 124; and 325E."

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

House Conferees: STEVE WENZEL, RICK KRUEGER, STEPHEN E. DILLE, WALLY A. SPARBY AND EDGAR L. OLSON.

Senate Conferees: CHARLES R. DAVIS, STEVEN MORSE, KEITH LANGSETH, LEROY A. STUMPF AND CHARLES A. BERG.

The Speaker called Long to the Chair.

Wenzel moved that the report of the Conference Committee on H. F. No. 1000 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1000, A bill for an act relating to agriculture; making changes in various agriculture programs; establishing agriculture programs; establishing a commodity contract task force; appropriating money; providing penalties; amending Minnesota Statutes 1986, sections 41A.09, by adding a subdivision; 41B.02, by adding a subdivision; and 65A.33, subdivision 3; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1, 2, 4, and by adding a subdivision; 41B.05; Laws 1987, chapter 396, article 9, section 1, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 17; 31; 124; and 325E; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1986, sections 32A.01; 32A.02; 32A.03; 32A.04; 32A.05; 32A.07; 32A.08; and 32A.09; and Laws 1987, chapter 358, section 31.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Sparby
Stanius
Steensma
Swiggum
Swenson

Thiede
Tjornhom
Tompkins
Trimble
Tunheim

Uphus
Valento
Vellenga
Voss
Wagenius

Waltman
Welle
Wenzel
Winter
Wynia

Spk. Vanasek

Those who voted in the negative were:

Osthoff

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

CONFERENCE COMMITTEE REPORT ON 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.

April 15, 1988

The Honorable Robert Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 2477, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2477 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TEACHERS RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 1987 Supplement, section 136.82, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) The executive director of the teachers retirement fund shall redeem shares in the accounts of the Minnesota supplemental retirement investment fund standing in an

employee's share account record under the following circumstances, but always in accordance with the laws and rules governing the Minnesota supplemental retirement investment fund:

(4) (b) The executive director shall redeem shares under this subdivision when requested to do so in writing on forms provided by the executive director of the teachers retirement fund by a person having shares to the credit of the employee's share account record, if the person is age 55 years of age or older and is no longer employed by the state university board or state board for community colleges. In such case the person shall must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the person's shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, in at their sole discretion, permit greater withdrawals in any one year.

(2) (c) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director of the teachers retirement fund, by a person having shares to the credit of the employee's share account record, if the person has left employment by the state university board or state board for community colleges because of a total and permanent disability as defined in section 354.05, subdivision 14, and. If the executive director of the teachers retirement fund finds that the person is totally and permanently disabled and will as a result be unable to return to similar employment, the person shall must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, in at their sole discretion, permit greater withdrawals in any one year. If the person returns to good health, the person shall owe owes no restitution to the state or any a fund created established by its laws for a redemption directed pursuant to under this paragraph.

(3) (d) The executive director shall redeem shares under this subdivision in the event of the death of a person having shares to the credit of the employee's share account record and leaving a surviving spouse, then when requested to do so in writing, on forms provided by the executive director of the teachers retirement fund, by the surviving spouse. The surviving spouse shall must receive the cash

realized on the redemption of the shares. The surviving spouse may direct the redemption of not more than 20 percent of the shares in the deceased spouse's employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, ~~in~~ at their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse ~~shall~~ must receive the cash realized from the redemption of the shares. Upon the death of the surviving spouse any shares remaining in the employee's share account record ~~shall~~ must be redeemed by the executive director of the teachers retirement fund and the cash realized ~~therefrom~~ from the redemption must be distributed to the estate of the surviving spouse.

(4) (e) In the event of the death of a person having shares to the credit of the employee's share account record and leaving no surviving spouse, ~~then~~ the executive director of the teachers retirement fund shall redeem all shares to the credit of the employee's share account record and pay the cash realized ~~therefrom~~ from the redemption to the estate of the deceased person.

(5) (f) The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director of the teachers retirement fund, by a person having shares to the credit of the employee's share account record; if the person is no longer employed by the state university board or state board for community colleges, but does not qualify under the provisions of paragraphs (1) (b) to (4) (e). In that case one-half of the cash realized on the redemption of shares ~~shall~~ must be received by the person and one-half ~~shall become~~ becomes the property of the supplemental retirement plan account of the teachers retirement fund. Annually on July 1 the cancellations of the previous 12 months ~~shall~~ must be prorated among the employees share accounts in proportion to the value ~~which~~ that each account bears to the total value of all share accounts.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1988.

ARTICLE 2

HISTORICAL SOCIETY EMPLOYEES

Section 1. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

(a) (1) elected or appointed officers and employees of elected officers.

(b) (2) district court reporters.

(c) (3) officers and employees of the public employees retirement association.

(d) (4) employees of the league of Minnesota cities.

(e) (5) officers and employees of public hospitals, owned or operated by, or an integral part of, ~~any~~ a governmental subdivision or governmental subdivisions.

(f) (6) employees of a school district who receive separate salaries for driving their own buses.

(g) (7) employees of the association of Minnesota counties.

(h) (8) employees of the metropolitan intercounty association.

(i) (9) employees of the minnesota Municipal utilities association.

(j) (10) employees of the metropolitan airports commission if employment initially ~~commences on or~~ commenced after July 1 June 30, 1979.

(k) (11) employees of the Minneapolis employees retirement fund, if employment initially ~~commences on or~~ commenced after July 1 June 30, 1979.

(l) (12) employees of the range association of municipalities and schools.

(m) (13) employees of the soil and water conservation districts.

(n) (14) employees of a county historical society who are county employees.

(o) (15) employees of a county historical society located in the county whom the county, at its option, certifies to the executive director to be county employees for purposes of retirement coverage under this chapter, which status must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society and is not excluded under subdivision 2b.

(16) employees of an economic development authority created under sections 458C.01 to 458C.23.

(p) (17) employees of the department of military affairs of the state of Minnesota who are full-time firefighters.

Sec. 2. Minnesota Statutes 1986, section 471.61, subdivision 1, is amended to read:

Subdivision 1. [OFFICERS, EMPLOYEES.] Any A county, municipal corporation, town, school district, county extension committee, other political subdivision or other body corporate and politic of this state, other than the state or any department thereof of the state, through its governing body, and any two or more subdivisions acting jointly through their governing bodies, may insure or protect its or their officers and employees, and their dependents, or any class or classes thereof of officers, employees, or dependents, under a policy or policies, or contract or contracts of group insurance or benefits covering life, health, and accident, in the case of employees, and medical and surgical benefits, and hospitalization insurance or benefits, for both employees and dependents, or dependents of an employee whose death was due to causes arising out of and in the course of employment, or any one or more of such those forms of insurance or protection. Any such A governmental unit, including county extension committees and those paying their employees, may pay all or any part of the premiums or charges on such the insurance or protection. Any such A payment shall be is deemed to be additional compensation paid to such the officers or employees, but for purposes of determining contributions or benefits under any a public pension or retirement system it shall is not be deemed to be additional compensation. Any One or more of such governmental units may determine that a person is an officer or employee if such officer or employee the person receives income from such the governmental subdivisions without regard to the manner of election or appointment, including but not limited to employees of county historical societies that receive funding from the county. The appropriate officer of such the governmental unit, or those disbursing county extension funds, shall deduct from the salary or wages of each officer and employee who elects to become insured or so protected, on the officer's or employee's written order, all or part of the officer's or employee's share of such premiums or charges and remit the same share or portion to the insurer or company issuing such the policy or contract.

Any A governmental unit, other than a school district, which that pays all or any part of such the premiums or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy for the purpose of providing the necessary funds money for the payment of such the premiums or charges, and such the sums so levied and appropriated shall are not, in the event such the sum exceeds the maximum sum allowed by any law or the charter of a municipal

corporation, be considered part of the cost of government of ~~such~~ the governmental unit as defined in any tax levy or per capita expenditure limitation; provided at least 50 percent of the cost of benefits on dependents ~~shall~~ must be contributed by the employee or be paid by levies within existing per capita tax limitations.

The word "dependents" as used ~~herein shall mean~~ in this subdivision means spouse and minor unmarried children under the age of 18 years actually dependent upon the employee.

ARTICLE 3

PURCHASES OF PRIOR SERVICE AND RELATED PROVISIONS

Section 1. [PURCHASES OF PRIOR SERVICE.]

Subdivision 1. [ELIGIBILITY.] The following persons are eligible to purchase credit for the specified period or periods of prior service from the indicated retirement fund:

(1) from the public employees retirement association, a person whose employment with the city of Hibbing began in June 1971, but for whom no salary deductions were taken until June 1973, for the period for which the deductions were omitted;

(2) from the public employees retirement association, a person who is currently a state employee and who has prior service as an employee of the Fond du Lac Indian reservation from July 2, 1973, to December 29, 1980, for that period of employment by the Fond du Lac Indian reservation for which the person has not previously received service credit;

(3) from the general state employees retirement fund of the Minnesota state retirement system, a permanent employee of the metropolitan sports facilities commission who was an employee of the metropolitan sports facilities commission on May 17, 1977, and who was born on January 10, 1930, and began employment by the commission in 1956 or who was born on November 14, 1937, and began employment by the commission in 1961, and who did not exercise an option to purchase the prior service under Minnesota Statutes, section 473.565, subdivision 3 or 4, for that period of direct or indirect employment by the commission for which the person has not previously received service credit;

(4) from the teachers retirement association, a member who rendered teaching service, as defined in Minnesota Statutes, section 354.05, before July 1, 1957, and who did not make contributions for the service because of the limited or permanent exempt status of the person and optional membership, for that period of teaching service for which the person has not previously received service credit;

(5) from the public employees retirement association, a person employed by a public hospital as defined in Minnesota Statutes, section 355.71, subdivision 3, who exercised an option under Laws 1963, chapter 793, section 3, subdivision 5, between July 1, 1963, and June 30, 1967, to terminate membership in the coordinated program of the public employees retirement association and who elects to resume public employees retirement association coordinated program membership under article 5, section 40, for all or a portion of the period between the person's termination of membership and the election to resume membership;

(6) from the teachers retirement association, notwithstanding any other law, a person who is currently a member of the teachers retirement association and who taught at the University of Minnesota - southern school of agriculture as a certified science teacher from October 1, 1957, through March 31, 1959, for the period taught at that school, provided the purchase is initiated before January 1, 1989; and

(7) from the public employees retirement association, a person who was elected clerk of court for Fillmore county from 1969 to 1976, who was appointed court administrator for Fillmore county in January 1977, who was discovered in 1985 to have not had appropriate member and employer contributions made on behalf of the person, and who retired March 1, 1988, for the period during calendar years 1979, 1980, and 1981 for which contributions were omitted, subject to approval by the board of commissioners of Fillmore county and compliance with section 645.021.

Subd. 2. [PURCHASE PAYMENT AMOUNT.] For a person eligible to purchase credit for prior service under subdivision 1, there must be paid to the retirement fund of which the person is a member an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity that would be obtained by virtue of the purchase of the additional service credit, using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the retirement fund and assuming continuous future service in the retirement fund until, and retirement at, the age at which the minimum requirements of the retirement association for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased, and also assuming a future salary history that includes annual salary increases at the applicable salary increase rate specified in Minnesota Statutes, section 356.215, subdivision 4d. The person requesting the purchase of prior service shall establish in the records of the retirement fund proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director of the retirement fund.

Subd. 3. [PAYMENT; CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the retirement fund agrees to accept payment in installments over a period not to exceed three years from the date of the agreement, with interest at a rate deemed appropriate by the executive director. The period of allowable service may be credited to the account of the person only after receipt of full payment by the executive director.

Subd. 4. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment must be made by the person entitled to purchase prior service. However, the current or former employer of a person specified in subdivision 1, clause (1), (2), (4), (5), (6), or (7) may, at its discretion, and the metropolitan sports facilities commission for a person specified in subdivision 1, clause (3), shall pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect for the retirement fund during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 4

TRANSIT COMMISSION EMPLOYEES

Section 1. Minnesota Statutes 1986, section 473.418, is amended to read:

473.418 [DISABILITY AND SURVIVORSHIP COVERAGE.]

From and after the effective date of Laws 1978, chapter 538, the metropolitan transit commission shall provide for all active employees of the transit operating division of the metropolitan transit commission disability and survivorship coverage which, when added to the disability benefit or the survivorship benefit payable from the Minnesota state retirement system pursuant to sections 352.113 or 352.12, subdivision 2, will at least equal the disability benefit or the survivorship benefit which that employee at the time of disability or the employee's surviving spouse at the time of the death of the employee while on active duty would have been entitled to receive under the disability benefit or survivor of active employee deceased while on active duty benefit provisions of the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977. The metropolitan transit commission shall not be required to provide any supplementary disability benefit coverage or benefit amount to replace the amount of any reduction in any disability payable from the Minne-

sota state retirement system due to the receipt of benefits under the workers' compensation law unless no offset of the amount of workers' compensation benefits from the amount of a disability benefit was required pursuant to the provisions of article 10 of the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977. The metropolitan transit commission may elect to provide the additional disability and survivorship coverage either through contract with an insurance carrier or through self insurance. If the commission elects to provide the coverage through an insurance contract, the chair of the metropolitan transit commission is authorized to request bids from, or to negotiate with, insurance carriers and to enter into contracts with carriers which in the judgment of the commission are best qualified to underwrite and service this insurance benefit coverage. The commission shall consider factors such as the cost of the contracts as well as the service capabilities, character, financial position and reputation with respect to carriers under consideration, as well as any other factors which the commission deems appropriate. The disability and survivorship insurance contract with the particular insurance carrier shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in absence of notice of termination by either party. The disability and survivorship insurance contract shall contain a detailed statement of benefits offered, maximums, limitations and exclusions. A summary description of the essential terms of the contract shall be provided by the commission to the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission and to each active employee of the transit operating division. The determination of whether the disability or survivorship insurance coverage meets the minimum requirements of this section shall be made by the commission upon consultation with the executive director of the Minnesota state retirement system. If the disability or survivorship coverage provided by the metropolitan transit commission fails at any time after the effective date of Laws 1978, chapter 538 to meet the requirements of this section as to the level of disability or survivorship coverage to be provided, the deficiency in the actual benefits provided shall continue to be an obligation of the commission. Notwithstanding any provisions of chapter 179 to the contrary, the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission may meet and bargain with the commission on an increase in the level of disability or survivor of active employee deceased while on active duty coverage to be provided by the commission at the same time that wages and other terms and conditions of employment are considered. This section does not apply to employees hired after December 31, 1977.

Sec. 2. [APPLICATION.]

Section 1 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

ARTICLE 5

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] (a) The following persons are excluded from the meaning of "public employee":

(a) ~~(1)~~ persons employed for professional services where ~~such~~ the service is incidental to regular professional duties. Service is incidental if, determined on the basis that compensation for it the service amounts to no more than 25 percent of a the person's total annual gross earnings for all professional duties;

~~(b)~~ (2) election officers;

~~(c)~~ (3) independent contractors and their employees;

~~(d)~~ (4) patient and inmate help in governmental subdivision charitable, penal, and correctional institutions;

~~(e)~~ (5) members of boards, commissions, bands, and others who serve the governmental subdivision intermittently;

~~(f)~~ (6) employees who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a period in excess of 120 working days in any calendar year or in any school year for school employees. Immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$325 in any one calendar month, the department heads must then report all such employees for membership and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4, and they shall remain members until termination of public service. whose employment is not expected to continue for a period longer than six consecutive months;

~~(g)~~ (7) part-time employees who receive monthly compensation from a governmental subdivision not exceeding \$325 \$425, and part-time employees and elected officials whose annual compensation from a governmental subdivision is stipulated in advance, in writing, to be not more than \$3,900 \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$3,900 \$5,100 per employment period for employment expected to be of less

than a full year's duration, except that members shall continue their membership until termination of public service;

(h) (8) persons who first occupy an elected office after ~~March 1, 1978~~ July 1, 1988, the compensation for which does not exceed \$325 \$425 per month;

(i) (9) emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster;

(j) (10) employees who by virtue of their employment as an officer or employee of a governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the state employees retirement fund system, the teachers retirement fund, the state patrol retirement fund, the Duluth teachers retirement fund association, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, the Minnesota state retirement system correctional officers retirement plan, or any police or firefighters relief association governed by section 69.77 which that has not consolidated with the public employees police and fire fund and for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, other than as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association. This clause shall not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time;

(k) (11) police matrons employed in a police department of ~~any~~ a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority;

(l) (12) persons who are excluded from coverage under the federal old age, survivors, disability, and health insurance program for the performance of service as specified in United States Code, title 42, section 410(a) (8) (A), as amended through January 1, 1987;

(m) (13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university; ~~provided, no person and who are not employed full time by a governmental subdivision shall be exempt under this paragraph;~~

(n) (14) resident physicians, medical interns, and pharmacist interns who are serving in public hospitals;

(e) (15) appointed or elected officers, paid entirely on a fee basis, and who were not members on June 30, 1971;

(p) Nothing in Laws 1973, chapter 753 shall be interpreted to impair or revoke any option exercised under Laws 1963, chapter 793.

(q) Town, city, or county assessors elected or appointed pursuant to chapter 273 who do not receive compensation in excess of \$325 per month from any one employing governmental subdivision or who are employed pursuant to an employment contract which sets forth the total compensation to be paid and the length of service, not to exceed three months in duration, required for the performance of the contract and which was entered into in advance of the commencement of employment.

(r) (16) persons holding a part-time adult supplementary vocational technical license who render part-time teaching service in a vocational technical school if (1) the service is incidental to the person's regular nonteaching occupation; and (2), the applicable vocational technical school stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (3) the part-time teaching service actually does not exceed 300 hours in a fiscal year; and

(s) (17) persons exempt from licensure pursuant to under section 125.031.

(b) Immediately following the expiration of a six-month period of employment by an employee covered by paragraph (a), clause (6), if the employee continues in public service and earns more than \$425 from a governmental subdivision in any one calendar month, the department head shall report the employee for membership and cause employee contributions to be made on behalf of the employee in accordance with section 353.27, subdivision 4, and the employee remains a member until termination of public service. This paragraph may not be construed to exclude an employee from membership whose employment is expected to continue for more than six months but who is serving a probationary period.

(c) If compensation from a governmental subdivision to an employee covered by paragraph (a), clause (7), exceeds \$5,100 per calendar year or school year after being stipulated in advance, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee first exceeded \$425.

(d) Paragraph (a), clause (10), does not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the

same period of time. A person who meets the definition of "public employee" in section 353.01, subdivision 2, by virtue of other service occurring during the same period of time shall become a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association in accordance with section 354.05, subdivision 2.

Sec. 2. Minnesota Statutes 1986, section 353.01, is amended by adding a subdivision to read:

Subd. 2c. [DEFINING OF TERMINATION OF PUBLIC SERVICE.] A person who terminates employment that was excluded from membership under subdivision 2b, paragraph (a), clause (6) or (7), who returns within 30 days to employment in the same governmental subdivision in another position excluded from membership under subdivision 2b, paragraph (a), clause (6) or (7), is considered a member from the beginning of the reemployment unless the total period covered by all periods of employment is less than six months or on which the amount earned does not exceed the dollar limitations in subdivision 2b, paragraph (a), clause (7).

Sec. 3. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] "Salary" means the periodical compensation of ~~any~~ a public employee, before deductions for deferred compensation ~~or~~, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees. Fees paid to district court reporters ~~shall~~ are not be considered a salary. Lump sum annual or lump sum sick leave payments ~~and~~, severance payments, and all payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage, ~~shall~~ are not be deemed to be salary. ~~Prior to~~ Before the time that all sick leave has been used, amounts paid to an employee pursuant to under a disability insurance policy or program where the employer paid the premiums ~~shall~~ be are considered salary, and, after all sick leave has been used, the payment ~~shall~~ is not be considered salary. Workers' compensation payments ~~shall~~ are not be considered salary. For ~~any~~ a public employee who has prior service covered by a local police or firefighters relief association ~~which that~~ has consolidated with the public employees police and fire fund and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 353A.08 following the consolidation, the term "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified in the applicable general law, special by law, and by bylaw provisions governing the relief association as of on the date of the initiation of the consolidation procedure and the

actual periodical compensation of the public employee after the effective date of the consolidation.

Sec. 4. Minnesota Statutes 1986, section 353.01, subdivision 15, is amended to read:

Subd. 15. [DEPENDENT CHILD.] "Dependent child" means ~~any~~ a natural or adopted child of a deceased member, provided such child is (a) under the age of 18, (b) or age 18 through 21 and a full time student in an accredited school, university, or college, and in either case unmarried and dependent for more than one-half of support upon ~~such~~ the member at the time of death and for not less than 90 days ~~prior thereto~~ before the time of death; provided, that the child of a deceased member, who at the time of death was receiving total and permanent disability benefits ~~pursuant to~~ under section 353.33, ~~shall be~~ is deemed dependent if dependent upon the decedent for more than one-half of support during the 90 days ~~prior to~~ before the decedent's becoming totally and permanently disabled. ~~It~~ "Dependent child" also includes ~~any~~ a child of the member conceived during the member's lifetime and born after the member's death. It also means ~~any~~ a dependent child who is the subject of adoption proceedings filed by a member, and who within two years after death of the member, by judgment and decree duly entered, is adjudged to be the adopted child of the deceased member; subject, however, to the qualifying conditions of age and dependency ~~aforsaid~~ and in this subdivision. The dependency of the child ~~hereunder~~ shall date ~~dates~~ from the decree of adoption. "Dependent child" also includes a child age 18 to 21 who was attending an accredited school, university, or college full time, but was determined to be medically unable to continue school on a full-time basis. The board of trustees shall adopt written procedures to make determinations regarding eligibility based on a student being medically unable to continue school, and may not continue a benefit for medical reasons for a period greater than one year.

Sec. 5. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE.] (a) "Allowable service" means: (1) service during years of actual membership in the course of which employee contributions were ~~currently~~ made; periods covered by payments in lieu of salary deductions made as provided in section 353.35, and service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect.

(2) ~~Any~~ (b) "Allowable service" also means a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund.

(3) ~~Any~~ (c) "Allowable service" also means a period of authorized leave of absence without pay ~~which~~ that does not exceed one year, and during or for which a member obtained credit by payments to the fund made ~~in lieu in place~~ of salary deductions, provided that ~~such~~ the payments are made in an amount or amounts based on the member's average salary on which deductions were paid (a) for the last six months of public service, or (b) for that portion of the last six months while the member was in public service, to apply to the period in either case immediately preceding commencement of ~~such~~ the leave of absence; provided, however, that if the employee elects to pay employee contributions for the period of any leave of absence without pay, or for any portion thereof of the leave, the employee shall also, as a condition to the exercise of ~~such~~ the election, pay to the fund an amount equivalent to both the required employer and additional employer contributions ~~therefor, such for the employee.~~ The payment ~~to~~ must be made ~~currently or within one year from the date the leave of absence terminates, unless the.~~ The employer by appropriate action of its governing body ~~and, made a part of its official records, prior to before~~ the date of the first payment of ~~such~~ the employee contribution, ~~certifies may~~ certify to the association in writing that it will cause to be paid ~~such the~~ employer and additional employer contributions from the proceeds of a tax levy made ~~pursuant to~~ under section 353.28. Payments under this ~~clause~~ shall paragraph must include interest at the rate of six percent ~~per annum a year~~ from the date of the termination of the leave of absence to the date payment is made.

(4) ~~Any~~ (d) "Allowable service" also means a period during which a member is on an authorized sick leave of absence, without pay limited to one year, or an authorized temporary layoff.

(5) ~~Any~~ (e) "Allowable service" also means a period during which a member is on an authorized leave of absence to enter military service, provided that the member returns to public service upon discharge from military service ~~pursuant to under~~ section 192.262, and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. ~~After June 30, 1983, Payment must be made within five years of the date of discharge from the military service. The amount of these contributions shall must be in accord with the contribution rates and salary limitations, if any, in effect during such the leave, plus interest thereon at six percent per annum a year compounded annually from the date of return to public service to the date payment is made. In such cases the matching employer contribution and additional employer contribution provided in section 353.27, subdivisions 3 and 3a, shall must be paid by the department employing such the member upon return to public service, and the governmental subdivision involved is hereby authorized to may appropriate money therefor for those payments. Such A member shall may not receive credit for any a voluntary extension of~~

military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty.

(6) (f) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the community corrections act, Minnesota Statutes 1984, chapter 401, and transferred into county service under Minnesota Statutes 1984, section 401.04, "allowable service" means combined years of allowable service as defined in Minnesota Statutes 1984, section sections 352.01, subdivision 11, and Minnesota Statutes 1984, section 353.01, subdivision 16, paragraphs (1) to (5).

(7) (g) For ~~any~~ a public employee who has prior service covered by a local police or firefighters relief association ~~which~~ that has consolidated with the public employees police and fire fund, and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 353A.08 following the consolidation, any "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on the applicable general law, special law, and on bylaw provisions governing the relief association as of on the date of the initiation of the consolidation procedure.

Sec. 6. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 20, is amended to read:

Subd. 20. [SURVIVING SPOUSE.] "Surviving spouse" means the unmarried spouse of a deceased member who ~~had the same legal residence as was legally married to the member at the time of death, or at the time the member became totally and permanently disabled.~~

Sec. 7. Minnesota Statutes 1986, section 353.01, subdivision 29, is amended to read:

Subd. 29. [DESIGNATED BENEFICIARY.] "Designated beneficiary" means the person or organization designated by a member, former member, disabilitant, or retired member in writing, signed and filed with the association before the death of the member, ~~former member, disabilitant, or retired member,~~ to receive a refund of the balance of the member's accumulated deductions after death.

Sec. 8. Minnesota Statutes 1986, section 353.028, subdivision 2, is amended to read:

Subd. 2. [ELECTION.] A city manager may elect to be excluded from membership in the association. The election of exclusion ~~shall~~ must be made within 30 days six months following the commencement of employment or within 30 days following May 22, 1981, ~~whichever occurs later,~~ in writing on a form prescribed by the

executive director, and ~~shall~~ must be approved by a resolution of the governing body of the city. The election of exclusion ~~shall~~ is not be effective until it is filed with the executive director. Membership of a city manager in the association ~~shall cease~~ ceases on the date the written election is received by the executive director or upon a later date specified. The election to be excluded from membership ~~shall~~ must include a provision agreeing that the person will not at any time in the future seek any authorization to purchase service credit for any period of excluded service and ~~shall be~~ is irrevocable. Employee and employer contributions made on behalf of a person exercising the option to be excluded from membership under this section must be refunded in accordance with section 353.27, subdivision 7.

Sec. 9. Minnesota Statutes 1986, section 353.03, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] The management of the public employees retirement fund is vested in a board of trustees consisting of the state auditor and eight members. The governor shall appoint five trustees to four-year terms, one of whom shall be designated to represent school boards, one to represent cities, one to represent counties, one who shall be a retired annuitant, and one who is a public member knowledgeable in pension matters. The membership of the association shall elect three trustees for terms of four years. Trustees elected by the membership of the association ~~shall~~ must be public employees and members of the association. For seven days beginning ~~November~~ October 1 of each year preceding a year in which an election is held, the association shall accept at its office filings in person or by mail of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the fund. No name may be withdrawn from nomination by the nominee after ~~November~~ October 15. At the request of a candidate for an elected position on the board of trustees, the board shall mail a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies to govern form and length of these statements, timing of mailings, and deadlines for submitting materials to be mailed. These policies must be approved by the secretary of state. The secretary of state shall resolve disputes between the board and a candidate concerning application of these policies to a particular statement shall be resolved by the secretary of state. A candidate who:

(a) (1) receives contributions or makes expenditures in excess of \$100; or

(b) (2) has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100; for the purpose of bringing about the candidate's election, must file a report

with the ethical practices board disclosing the source and amount of all contributions to the candidate's campaign. The ethical practices board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in section 10A.01. These terms do not include the mailing made by the association board on behalf of the candidate. A candidate must file a report within 30 days from the day that the results of the election are announced. The ethical practices board shall maintain these reports and make them available for public inspection in the same manner as the board maintains and makes available other reports filed with it. By January 10 of each year in which elections are to be held the board shall distribute by mail to the members ballots listing the candidates. No member may vote for more than one candidate for each board position to be filled. A ballot indicating a vote for more than one person for any position ~~shall be~~ is void. No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund ~~shall be~~ is January 31. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are qualified. The ballot envelopes ~~shall must~~ be so designed and the ballots ~~shall be~~ counted in ~~such a manner as to insure that ensures~~ that each vote is secret.

The secretary of state shall supervise the elections ~~shall be supervised by the secretary of state. It shall be the duty of~~ The board of trustees ~~to shall~~ faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. ~~They~~ Board members shall act as trustees with a fiduciary obligation to the state of Minnesota, which created the fund, the taxpayers of the governmental subdivisions ~~which that~~ aid in financing it, and the public employees who are its beneficiaries. They shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, ~~which that~~ persons of prudence, discretion, and intelligence exercise in the management of their own affairs.

Sec. 10. Minnesota Statutes 1986, section 353.27, subdivision 7, is amended to read:

Subd. 7. [ADJUSTMENT FOR ERRONEOUS RECEIPTS OR DISBURSEMENTS.] ~~(+)~~ (a) [ERRONEOUS DEDUCTIONS.] Any Deductions taken in error by the employer from the salary of an employee for the retirement fund and transmitted to the association ~~shall must~~ be refunded to the employee calculated in accordance with section 353.34, subdivision 2; and the employer contribution and the additional employer contribution, if any, for the erroneous employee contribution ~~shall must~~ be refunded to the employer, provided, however, that the association and the state social security agency may make proper adjustments of ~~moneys~~ money taken as employee and employer deductions, and provided further that the refund of deductions taken in error has been made within three calendar years of the calendar year in which the initial erroneous

deduction taken in error was received by the association. If the refund of deductions taken in error has not been made within three calendar years of the calendar year in which the initial erroneous deduction taken in error was received by the association, the erroneous contributions are considered valid, and the years of allowable service attributable to the erroneous deductions must be credited to the member in accordance with section 353.01, subdivision 16, and, notwithstanding a law to the contrary, the employee may continue to be a member until termination of public service.

(2) (b) [ERRONEOUS DISBURSEMENT.] In the event a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check returned to the funds of the department making the payment, a refund of the sum so deducted, or any a portion of it as that is required to adjust the deductions, shall must be made to the department or institution.

Sec. 11. Minnesota Statutes 1986, section 353.27, is amended by adding a subdivision to read:

Subd. 7a. [DEDUCTIONS OR CONTRIBUTIONS TRANSMITTED BY ERROR.] If employee deductions and employer contributions were erroneously transmitted to the association, but should have been transmitted to another public pension fund listed in section 356.30, subdivision 3, the association shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund without interest. The time limitations in section 353.27, subdivisions 7 and 12, do not apply.

Sec. 12. Minnesota Statutes 1987 Supplement, section 353.27, subdivision 10, is amended to read:

Subd. 10. [EMPLOYERS; FURNISH COPIES OF PAYROLL ABSTRACTS.] The head of each department is required to furnish the executive director with a carbon or duplicate copy of the departmental payroll abstracts for the last full pay period during the ~~months~~ month of March May for school districts and October December for all other governmental subdivisions, respectively, in each year. Instead of a duplicate copy of the payroll abstract, the employer may submit an exception report listing only those employees who worked the last full pay period of May or December, but who are not members of the association. Minimum reporting requirements to be shown on either the payroll abstract or exception report include: (1) name of the governmental subdivision and department identification; (2) the association's assigned unit number and unique code; (3) pay period coverage dates; (4) any employee deductions; (5) gross salary for the pay period; (6) each employee's year-to-date gross pay; and (7) the reason for any exclusion. It shall be the duty of said The executive director to shall check the copies of all such payroll abstracts against the membership records of the association to

ascertain whether ~~or not~~ any omissions have been made by any a department head in the reporting of ~~any~~ new public employees for membership. The head of any department shall furnish a carbon or duplicate copy of the department payroll abstract at the request of the executive director. The executive director may delegate an association employee by appointment, in accordance with section 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the payroll records of a governmental subdivision.

Sec. 13. Minnesota Statutes 1987 Supplement, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] In the case of omission of required deductions from salary of an employee, past due for a period of 60 days or less, the head of the department shall deduct from the employee's next salary payment and forthwith remit to the executive director the amount of the employee contribution delinquency, with cumulative interest thereon at the rate of six percent ~~per annum~~ a year, compounded annually, from the date or dates each delinquent employee contribution was first payable, such. The interest ~~to~~ must be paid by the employer. To the extent that any such omitted required deductions are not paid by the employee, they shall constitute a liability of the governmental subdivision which failed to make said required deductions, with interest thereon as hereinbefore specified. After July 1, 1973, any such Omitted required deductions, past due for a period in excess of 60 days, shall become are the sole obligation of the governmental subdivision from the time such the deductions were first payable, together with interest thereon as hereinbefore specified in this subdivision. Any amount so due, together with employer and additional employer contributions at the rates and in the amounts specified in subdivisions 3 and 3a, with interest thereon at the rate of six percent compounded annually from the date they were first payable, shall must be paid from the proceeds of a tax levy made pursuant to under section 353.28, or from other funds available to the employer. Unless otherwise indicated, this subdivision shall have has both retroactive and prospective application, and the governmental subdivision is liable retroactively and prospectively for all amounts due hereunder under it. No action for the recovery of delinquent omitted employee and employer contributions or interest on contributions may be commenced and no payment of delinquent omitted contributions may be made or accepted unless the association has already commenced action for recovery of delinquent omitted contributions, after the expiration of three calendar years next following after the calendar year in which the contributions were omitted. An action for the recovery of omitted contributions or interest commences five calendar days after the date of the written correspondence requesting information from the governmental unit that may lead to a recovery of omitted contributions.

Sec. 14. Minnesota Statutes 1986, section 353.27, is amended by

adding a subdivision to read:

Subd. 12a. A member who was employed and met the eligibility requirements for participation in the association before July 1, 1973, who has a period of employment in which previously omitted employer contributions were made under subdivision 12 but for whom no, or only partial, omitted employee contributions have been made, or a member who had prior coverage in the association for which previously omitted employer contributions were made under subdivision 12 but who terminated service before required omitted employee contributions could be withheld from salary, may pay the omitted employee contributions for the period on which omitted employer contributions were previously paid plus interest at the rate of six percent compounded annually. The statute of limitations for payment of omitted deductions in subdivision 12 applies.

Sec. 15. Minnesota Statutes 1986, section 353.27, subdivision 13, is amended to read:

Subd. 13. [CERTAIN WARRANTS CANCELED.] ~~Any~~ A warrant payable from the retirement fund remaining unpaid for a period of ~~six~~ five years, ~~shall~~ must be canceled into the retirement fund and not into the general fund.

Sec. 16. Minnesota Statutes 1987 Supplement, section 353.29, subdivision 6, is amended to read:

Subd. 6. [RETIREMENT BEFORE ELIGIBILITY FOR SOCIAL SECURITY BENEFITS.] ~~Any~~ A member or former member who retires before becoming eligible for social security retirement benefits may elect to receive an optional retirement annuity from the association ~~which~~ that provides for different annuity amounts over different periods of retirement. The election of this optional retirement annuity ~~shall~~ must be exercised by making application to the board of trustees. The optional annuity ~~shall~~ must take the form of an annuity payable for the period before the annuitant becomes eligible for social security old age retirement benefits in a greater amount than the amount of the annuity calculated under subdivisions 2 and 3 on the basis of the age of the annuitant at retirement ~~but equal insofar as possible to the social security old age retirement benefit and the adjusted retirement annuity amount payable immediately after the annuitant becomes eligible for social security old age retirement benefits in an amount less than the amount of the annuity calculated under subdivisions 2 and 3 on the basis of the age of the annuitant at retirement.~~ The social security leveling option may be calculated based on broad average social security old age retirement benefits. The optional annuity ~~shall~~ must be the actuarial equivalent of the normal retirement annuity computed on the basis of age at retirement. This greater amount ~~shall~~ must be paid until the annuitant reaches the age of 62, at which time the payment from the association ~~shall~~ must be reduced. The board of trustees

shall establish the method of computing the optional retirement annuity under this subdivision shall be established by the board of trustees. In establishing the method of computing the optional retirement annuity, the board of trustees shall obtain the written ~~recommendation~~ approval of the commission-retained actuary. The recommendations shall must be a part of the permanent records of the board of trustees.

Sec. 17. Minnesota Statutes 1987 Supplement, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] If a member or former member who has attained the at least age of at least 50 years and has credit for not less than five years of allowable service, or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit has become payable begins to accrue in accordance with section 353.29, subdivision 7, or 353.33, subdivision 2, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, ~~in lieu~~ instead of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to under section 353.31, an annuity equal to the 100 percent joint and survivor annuity ~~which~~ that the member could have qualified for had the member terminated service on the date of death. The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. The annuity ~~shall must~~ be computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision. No payment ~~shall may~~ accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to ~~the any~~ excess, if any, of the accumulated contributions ~~which~~ that were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse ~~shall must~~ be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. ~~Any~~ A member may specify in writing that this subdivision ~~shall does~~ not apply and that payment ~~shall may~~ be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 18. Minnesota Statutes 1986, section 353.32, subdivision 5, is amended to read:

Subd. 5. [\$1,500 OR LESS, LIMITED.] If a member or former member dies without having designated a beneficiary, or if the beneficiary should die before making application for refund of the sum to the credit of such decedent, and the amount of the refund is \$1,500 or less, the board of trustees may 90 days after the date of death, in the absence of probate proceedings, make payment to the

surviving spouse of the said decedent, or, if none, to the next of kin under the laws of descent of the state of Minnesota decedent's personal representative or, if none, to the estate. Such A payment shall be under this subdivision is a bar to recovery by any other person or persons. Any A retirement annuity, or disability or survivor benefit which shall have that has accrued at the time of death of an annuitant, disabilitant or survivor may be paid in like the same manner.

Sec. 19. Minnesota Statutes 1986, section 353.33, subdivision 7, is amended to read:

Subd. 7. [PARTIAL REEMPLOYMENT.] ~~Should such~~ If a disabled person ~~resume~~ resumes a gainful occupation from which earnings are less than the salary at the date of disability or the salary currently paid for similar positions, the board shall continue the disability benefit in an amount ~~which that~~, when added to ~~such the~~ earnings, does not exceed the salary at the date of disability or the salary currently paid for similar positions, whichever is higher, provided the disability benefit ~~in such case~~ does not exceed the disability benefit originally allowed, plus any postretirement adjustments payable after December 31, 1988, in accordance with section 11A.18, subdivision 10. No deductions for the retirement fund shall may be taken from the salary of a disabled person who is receiving a disability benefit as provided in this subdivision.

Sec. 20. Minnesota Statutes 1987 Supplement, section 353.34, subdivision 3, is amended to read:

Subd. 3. [DEFERRED ANNUITY; ELIGIBILITY; COMPUTATION.] ~~Any person A member~~ with at least five years of allowable service when termination of public service occurs ~~shall have has~~ the option of leaving the accumulated deductions in the fund and ~~thereby be being~~ entitled to a deferred retirement annuity commencing at age 65 or ~~for to~~ a deferred early retirement annuity ~~pursuant to under~~ section 353.30, subdivision 1, 1a, 1b or 1c. The deferred annuity ~~shall must~~ be computed in the manner ~~provided in~~ under section 353.29, subdivisions 2 and 3, on the basis of the law in effect on the date of termination of public service and ~~shall must~~ be augmented as provided in section 353.71, subdivision 2. ~~Any person A former member~~ qualified to apply for a deferred retirement annuity may revoke this option at any time ~~prior to before~~ the commencement of deferred annuity payments by making application for a refund. The person ~~shall be is~~ entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.

Sec. 21. Minnesota Statutes 1986, section 353.37, subdivision 1, is amended to read:

Subdivision 1. [EFFECT ON ANNUITY.] The annuity of a person

otherwise eligible therefor for an annuity under this chapter shall must be suspended if the person reenters, and for as long as the person remains in, public service as a nonelective employee of a governmental subdivision, if earned compensation for the reemployment service equals or exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services pursuant to the provisions of under United States Code, title 42, section 403, in any calendar year. In the event that the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person shall be are equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits. The suspension of the annuity shall must commence as of the first of the month after the month in which the maximum permitted compensation is exceeded as herein provided, but shall it applies only apply to those months in which the annuitant is actually employed in nonelective service in a position covered by this chapter. Any An annuitant of the association who is elected to public office after retirement shall be is entitled to hold such the office and receive the annuity otherwise payable from the public employees retirement association. Upon proper showing by an annuitant that the reason for the suspension of the annuity payments no longer exists, the monthly annuity payments shall must be resumed. Public service performed by an annuitant subsequent to retirement under this chapter shall does not increase or decrease the amount of any an annuity when payment of the annuity is resumed. The annuitant shall may not be required to make any further contributions to the retirement fund by reason of this subsequent public service.

Sec. 22. Minnesota Statutes 1986, section 353.65, subdivision 2, is amended to read:

Subd. 2. The employee contribution shall be is an amount equal to eight percent of the total salary of every the member. This contribution shall must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, such the member's employee contribution shall be is based on the total salary received from all sources. If the member is a firefighter employed on less than a full-time basis, the member's total salary shall not include any reimbursement payments for fire calls.

Sec. 23. Minnesota Statutes 1987 Supplement, section 353A.10, subdivision 3, is amended to read:

Subd. 3. [LEVY AND BONDING AUTHORITY.] A municipality in which was located a local police or firefighters relief association which that has consolidated with the fund may issue special general obligation bonds of the municipality to defray all or a portion of the

principal amounts specified in section 353A.09, subdivisions 2 to 6, or certify to the county auditor an additional special levy in the amount necessary to defray all or a portion of the principal amount specified in section 353A.09, subdivisions 2 to 6, or the annual amount specified in section 353A.09, subdivisions 2 to 6. The municipality may pledge the full faith, credit, and taxing power of the municipality for the payment of the principal of and interest on the general obligation bonds. Notwithstanding any law to the contrary, any additional special levy ~~shall~~ may not be included in any limitation concerning rate or amount established by charter or law and ~~shall~~ must be a special levy for the purposes of section 275.50, subdivision 5, clause (o), and any municipal bond ~~may be issued shall~~ without an election under section 475.58 and ~~may not be included in the net debt of the municipality for purposes of any charter or statutory debt limitation, nor shall~~ may any tax levy for the payment of bond principal or interest be subject to any limitation concerning rate or amount established by charter or law.

Sec. 24. Minnesota Statutes 1987 Supplement, section 353C.02, is amended to read:

353C.02 [CORRECTIONAL SERVICE EMPLOYEES.]

A local government correctional service employee is a person who:

(1) meets the definition of "essential employee" in section 179A.03, subdivision 7, excluding state employees, University of Minnesota employees, firefighters, peace officers subject to licensure under sections 626.84 to 626.855, employees of hospitals other than state hospitals, confidential employees, supervisory employees other than ~~supervisory~~ employees of who supervise correctional officers and who are stationed at correctional facilities or city or county jails, principals, and assistant principals;

(2) is employed by Dakota county, Hennepin county, Ramsey county, ~~St. Louis county~~, or Washington county, if the county elects to participate under section 353C.04 or by a joint-powers correctional agency in which St. Louis county or its municipalities participate, if the governing body of the agency elects to participate under section 353C.04;

(3) is a public employee within the meaning of section 353.01, subdivisions 2 and 2a; and

(4) is not at the time of the exercise of the participation option under section 353C.04 a member of the basic program of the public employees retirement association or a member of the public employees police and fire fund.

Sec. 25. Minnesota Statutes 1987 Supplement, section 353C.03, is

amended to read:

353C.03 [CORRECTIONAL SERVICE PLAN COVERAGE.]

Subdivision 1. [INITIAL COVERAGE.] A person who is a local government correctional service employee on June 30, 1988, or on the date on which the county elects to participate in the plan under section 353C.04, whichever is later, is a member of the local government correctional service retirement plan and shall begin contributing to the plan on July 1, 1988, or on the first day of the first pay period following the date on which the county elects to participate in the plan under section 353C.04, whichever is later.

Subd. 2. [SUBSEQUENT COVERAGE.] A person who becomes a local government correctional service employee after June 30, 1988, or on the date on which the county elects to participate in the plan under section 353C.04, whichever is later, is a member of the local government correctional service retirement plan and shall contribute to the plan.

Sec. 26. Minnesota Statutes 1987 Supplement, section 353C.04, is amended to read:

353C.04 [LOCAL GOVERNMENT EMPLOYING UNIT PARTICIPATION OPTION.]

Dakota county, Hennepin county, Ramsey county, ~~St. Louis county~~, or Washington county or the governing board of a joint-powers correctional agency in which St. Louis county or its municipalities participate may elect to provide its correctional employees with retirement coverage by the local government correctional service retirement plan ~~in lieu~~ instead of retirement coverage by the public employees retirement association or the public employees police and fire fund. The election must be made on a form provided by the executive director of the public employees retirement association and, once made, is irrevocable for all local government correctional service employees employed by the county employing unit.

Sec. 27. Minnesota Statutes 1987 Supplement, section 353C.05, is amended to read:

353C.05 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] Beginning with the first full pay period after July 1, 1988, after the effective date of the election to provide retirement coverage by the local governmental unit, or after becoming a local government correctional service employee, whichever is later, ~~in lieu~~ instead of employee contributions payable under section 353.27, subdivision 2, a local govern-

ment correctional service employee shall make an employee contribution in an amount equal to ~~five~~ 7.5 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Beginning with the first full pay period after July 1, 1988, after the effective date of the election to provide retirement coverage by the local governmental unit, or after becoming a local government correctional service employee, whichever is later, ~~in lieu~~ instead of employer contributions payable under section 353.27, subdivision 3, the employer shall contribute for a local government correctional service employee an amount equal to ~~five~~ 7.5 percent of salary.

Subd. 3. [ADJUSTMENT IN CONTRIBUTION RATES.] Beginning with the first full pay period after the most recent actuarial valuation of the local government correctional service retirement plan prepared by the actuary retained by the legislative commission on pensions and retirement is filed with the executive director of the public employees retirement association, the member contribution rate is a percentage that equals one-half of the calculated total actuarial requirement of the plan, and the employer contribution rate is the balance of the calculated total actuarial requirement of the plan.

Sec. 28. Minnesota Statutes 1987 Supplement, section 353C.06, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY REQUIREMENTS.] After separation from public employment, an employee covered under section 353C.02 who has attained the age of at least 55 years and has credit for not less than ~~ten~~ five years of coverage in the local government correctional service plan is entitled, upon application, to a normal retirement annuity. ~~In lieu~~ Instead of a normal retirement annuity, a retiring employee may elect to receive the optional annuity provided in section 353.30, subdivision 3.

Sec. 29. Minnesota Statutes 1987 Supplement, section 353C.06, subdivision 3, is amended to read:

Subd. 3. [ANNUITY AMOUNT.] The average salary as defined in subdivision 2, multiplied by two percent for each year of allowable service for the first ten years and 2.5 percent for each additional year of allowable service, and pro rata for completed months less than a full year, determines the amount of the normal annuity. If a person has earned allowable service in the public employees retirement association or the public employees police and fire fund for performing services other than those of a local government correctional employee, the annuity representing such service must be computed in accordance with the coordinated formula under sections 353.29 and 353.30 or section 353.651, whichever applies.

Sec. 30. Minnesota Statutes 1987 Supplement, section 353C.06,

subdivision 4, is amended to read:

Subd. 4. [ACCRUAL AND DURATION.] The annuity under this section begins to accrue as provided in section 353.29, subdivision 7, ~~and must be paid for an additional.~~ The annuity is payable for the life of the recipient, or in accordance with the terms of any optional annuity form selected, and is payable for 84 full calendar months or to the first of the month following the month in which the employee becomes age 65, whichever occurs first. After a recipient has received the annuity calculated under this formula for 84 full calendar months or to the first of the month following the month in which the employee becomes age 65, whichever occurs first, the benefit must be recomputed in accordance with the coordinated formula in sections 353.29 and 353.30, except that if this amount, when added to the social security benefit based on state public service the employee is eligible to receive at that time, is less than the benefit payable under subdivision 3, the retired employee must be entitled to receive an amount payable under subdivision 3, less any amount payable from social security based on public service used in the benefit calculation. When an annuity is reduced under this subdivision, any percentage of adjustments that have been applied to the original annuity under section 11A.18, before the reduction, must be compounded and applied to the reduced annuity.

Sec. 31. Minnesota Statutes 1987 Supplement, section 353C.07, is amended to read:

353C.07 [AUGMENTATION IN CERTAIN CASES.]

Subdivision 1. [AUGMENTATION FOR PRIOR SERVICE BENEFITS.] Unless prior service has been transferred or unless a combined service annuity under section 356.30 has been elected, an employee who becomes a local government correctional employee after being a member of the public employees retirement association or the public employees police and fire fund is covered under section 353.71, subdivision 2, with respect to that prior service.

Subd. 2. [DEFERRED ANNUITIES AUGMENTATION.] The deferred annuity, if any, accruing under section 353.71 or 353C.06, must be computed as provided in section 353C.06, subdivision 3, on the basis of allowable service before the termination of correctional service and augmented as provided in this subdivision. The required reserves applicable to a deferred annuity or to an annuity for which a former correctional service employee was eligible, but had not applied, or to any deferred segment of an annuity must be determined as of the date on which the benefit begins to accrue and augmented by interest at the rate of three percent compounded annually from the first day of the month following the month in which the person ceased to be a correctional service employee to the first day of the month in which the annuity begins to accrue. If a person has more than one period of uninterrupted service, the

required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" has the meaning given it in section 353.71, subdivision 2. If a person repays a refund, the service restored by the repayment must be considered to be continuous with the next period of service for which the person has credit by the plan. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute this annuity must be those in effect when the person files an application for the annuity. This subdivision shall not reduce the annuity otherwise payable under this chapter.

Sec. 32. Minnesota Statutes 1987 Supplement, section 353C.08, subdivision 5, is amended to read:

Subd. 5. [DISABILITY BENEFIT TERMINATION.] The disability benefit paid to a disabled local government correctional employee terminates at the end of the month in which the employee reaches age 62. If the disabled local government correctional employee is still disabled when the employee reaches age 62, the employee is deemed to be a retired employee and, if the employee had elected an optional annuity under subdivision 3, must receive an annuity in accordance with the terms of the optional annuity previously elected. If the employee had not elected an optional annuity under subdivision 3, the employee may elect either to receive a normal retirement annuity computed on the coordinated formula in the manner provided in section ~~353C.06~~ 353.29 or to receive an optional annuity as provided in section 353.30, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. Election of an optional annuity must be made before attaining the age of 62 years. The reduction for retirement prior to age 65 as provided in section 353.30, subdivisions 1 and 1c, is not applicable. The savings clause provision of section 353C.06, subdivision 4, is applicable.

Sec. 33. Minnesota Statutes 1987 Supplement, section 353C.08, is amended by adding a subdivision to read:

Subd. 7. [COMBINED SERVICE DISABILITY BENEFIT.] If the employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has credit for less covered correctional service than the length of service upon which the correctional disability benefit is based, and also has credit for regular plan service, the employee is entitled to a disability benefit or deferred retirement annuity based on the regular plan service only for the service that, when combined with the correctional service, exceeds the number of years on which the correctional disability benefit is based. The disabled employee who also has credit for regular plan service must in all respects qualify under section 353.33 to be entitled to receive

a disability benefit based on the regular plan service, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee may be entitled based on regular plan service must be augmented as provided in section 353.71 while the employee is receiving a disability benefit under this section.

Sec. 34. Minnesota Statutes 1987 Supplement, section 353D.05, subdivision 2, is amended to read:

Subd. 2. [INVESTMENT OPTIONS.] (a) An individual participant may elect to purchase shares in the income share account, the growth share account, the money market account, the bond market account, or the common stock index account established by section 11A.17, or a combination of those accounts. The participant may elect to purchase shares in a combination of those accounts by specifying the percentage of contributions to be used to purchase shares in each of the accounts.

(b) Twice in a calendar year, a participant may indicate in writing a choice of options for subsequent purchases of shares. Thereafter After a choice is made, until the participant makes a different written indication, the executive director of the association shall purchase shares in the supplemental investment fund or funds specified by the participant. If no initial option is indicated by a participant, the executive director shall invest all contributions made by or on behalf of a participant in the income share account. A choice of investment options is effective no later than the first pay date first occurring more than 30 days after receipt of the written choice of options.

(c) Twice in a calendar year, a participant or former participant may also change the investment options selected for all or a portion of the individual's previously purchased shares. If a partial transfer of previously purchased shares is selected, a minimum of \$500 \$200 must be transferred and a minimum balance of \$500 \$200 must remain in the previously selected investment option. A change may be made only from one account or a combination of accounts to a single account. A change under this paragraph is effective as soon as cash flow to an account permits, but not later than six months from the requested change.

Sec. 35. Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 1, is amended to read:

Subdivision 1. [TYPE OF PLAN; UNIFORMITY.] The plan is a defined contribution plan ~~where when~~ the benefits are payable upon termination of service, retirement, or death, ~~or withdrawal when permitted, are.~~ The amount of benefits is determined by the value of accumulated contributions plus a proportionate share of investment income of the fund credited to each individual account. Each

ambulance service shall determine eligibility for participation subject to terms of this act. Eligibility standards must be uniform among all ambulance service personnel of an ambulance service electing to participate.

Sec. 36. Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 2, is amended to read:

Subd. 2. [AGE; VESTING PAYMENT OF BENEFITS.] Normal retirement age is 50 years. Early retirement is not allowed. Sixty months of service credit are required for vesting of retirement benefits. No minimum period of service is required for vesting of death benefits. Withdrawal of or a retirement benefit based on member contributions and employer contributions plus accrued investment income vests is payable immediately upon the death or termination of an active member for a period that exceeds 30 days. Upon completion of 60 months of service under the plan with one or more ambulance services, a participant terminating active service prior to age 50 is entitled to receive the value of the participant's individual account upon or after attaining age 50. An application by or on behalf of the participant must be filed before any payment of benefits may be made.

Sec. 37. Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 4, is amended to read:

Subd. 4. [DISABILITY OR DEATH OF A MEMBER.] No disability coverage shall be provided by the plan. In the event of the death of an active participant with any credited service or a deferred participant under age 50, the total value of the account shall must be paid in a lump sum to the designated beneficiary or, if none, the heirs at law of the decedent.

Sec. 38. Minnesota Statutes 1987 Supplement, section 353D.08, is amended to read:

353D.08 [PORTABILITY.]

Qualified ambulance service personnel who change employment or membership among participating ambulance services may must continue participation in the plan without penalty or forfeiture after their interest vests. Qualified ambulance service personnel who change employment or membership to a nonparticipating ambulance service are not subject to the forfeiture required by section 353D.07, subdivision 5 if termination from one participating ambulance service and commencement in another participating ambulance service occur within 30 days.

Sec. 39. Minnesota Statutes 1987 Supplement, section 356.302, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a disability benefit by the covered retirement plan and that is drawn from any period of credited service and successive years of covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

(d) "Duty-related" means a disabling illness or injury that occurred while the person was actively engaged in employment duties or that arose out of the person's active employment duties.

(e) "General employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (1) to (8).

(f) "Occupationally disabled" means ~~the condition of having any a~~ medically determinable physical or mental impairment that makes a person unable to satisfactorily perform the minimum requirements of the person's employment position or a substantially similar employment position.

(g) "Public safety employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (9) to (11).

(h) "Totally and permanently disabled" means ~~the condition of having any a~~ medically determinable physical or mental impairment that makes a person unable to engage in any substantial gainful activity and that is expected to continue or has continued for a period of at least one year or that is expected to result directly in the person's death.

Sec. 40. Minnesota Statutes 1987 Supplement, section 356.302, subdivision 3, is amended to read:

Subd. 3. [GENERAL EMPLOYEE PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of general employee retirement plans is entitled to a combined service disability benefit if the member:

(1) is less than 65 years of age on the date of application for the disability benefit;

(2) has become totally and permanently disabled;

(3) has credit for allowable service in any combination of general

employee retirement plans totaling at least ten years if the person has not reached age 50 or at least five years if the person has reached age 50;

(4) has credit for at least six months of allowable service with the current general employee retirement plan before the commencement of the disability;

(5) has at least five continuous years of allowable service credit by the general employee retirement plan or has at least a total of five years of allowable service credit by a combination of general employee retirement plans in a 72-month period during which no interruption of allowable service credit from a termination of employment exceeded 29 days; and

(6) is not receiving a retirement annuity or disability benefit from any covered general employee retirement plan at the time of the commencement of the disability.

Sec. 41. [ELECTION TO RESUME RETIREMENT COVERAGE.]

A person employed by a public hospital as defined in section 355.71, subdivision 3, who exercised an option under Laws 1963, chapter 793, section 3, subdivision 5, between July 1, 1963, and June 30, 1967, to terminate membership in the coordinated program of the public employees retirement association may elect to resume that membership. The election to resume membership must be made before October 1, 1988, on a form prescribed by the executive director of the public employees retirement association. Resumption of membership begins as of the first day of the first full pay period after the election is filed with the executive director.

Sec. 42. [REPEALER.]

Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 5, is repealed.

Sec. 43. [EFFECTIVE DATE.]

Section 12 is effective March 1, 1988. Section 21 is effective January 1, 1988. The remaining sections are effective July 1, 1988.

ARTICLE 6

MEDICARE COVERAGE REFERENDUM

Section 1. [355.90] [OPTIONAL MEDICARE COVERAGE FOR CERTAIN PRE-1986 PUBLIC EMPLOYEES.]

Subdivision 1. [DEFINITIONS.] (a) Notwithstanding any provision of section 355.01 to the contrary, the terms used in this section are defined in this subdivision.

(b) "Employee" means an active member or participant of a public employee pension plan listed in section 356.30, subdivision 3, clauses (5), (6), (7), (9), (10), (11), and (12), who is not covered by a previous agreement under section 355.02 for that employment and who meets the requirements of United States Code, title 42, section 418(v)(2).

(c) "Employment" means service performed for compensation by an employee in the employ of the state or of a political subdivision that constitutes Medicare qualified government employment under the provisions of United States Code, title 42, section 410(p).

(d) "Political subdivision" means a public employer under section 355.01, subdivision 10.

(e) "Social Security Act" means the act cited in section 355.01, subdivision 8.

(f) "State agency" means the commissioner of employee relations or the commissioner's designee.

(g) "Wages" means compensation specified in section 355.01, subdivision 2.

Subd. 2. [OPTIONAL MEDICARE COVERAGE AGREEMENT.] The state agency, with the approval of the governor, may modify its agreement on behalf of the state and its political subdivisions with the Secretary of Health and Human Services to extend the provisions of United States Code, title 42, sections 426, 426-1, and 1395c, to current employees of the state and its political subdivisions who do not have that coverage through coverage by the federal old age, survivors, and disability insurance program for that employment under any previous agreement or modification of the agreement.

Subd. 3. [REFERENDUM.] A referendum on the question of extending the provisions of United States Code, title 42, sections 426, 426-1, and 1395c, must be held for each public employee pension plan listed in section 356.30, subdivision 3, except clauses (5) and (6), that has current members or participants who do not have coverage by the federal old age, survivors, and disability insurance program for the employment giving rise to that pension plan membership. The state agency shall supervise the referendum in accordance with United States Code, title 42, section 418, on the date or dates set by the governor for each pension plan. The notice of the referendum provided to each employee must contain a statement sufficient to inform the person of the rights available to

the person as an employee in Medicare qualified government employment and the employee contribution rates applicable to the program. The referendum is approved if a majority of the members or participants indicate their desire to have the coverage on a form prescribed by the state agency. If the referendum is approved, the governor shall certify that fact to the Secretary of Health and Human Services, and the coverage is effective for all members or participants of the plan on the first of the month after the certification unless the participant or member elects coverage effective retroactively to April 1, 1986.

Subd. 4. [EMPLOYEE AND EMPLOYER CONTRIBUTIONS.] (a) If the referendum is approved, beginning on the first of the month after the certification of approval by the governor, the employer of each member or participant covered by the referendum shall deduct from the wages of the employee an amount equal to the tax that would be imposed under United States Code, title 26, section 3101(b), if the services of the employee for which wages were paid constituted employment as defined in United States Code, title 26, section 3121.

(b) In addition to the deduction specified in paragraph (a), the employer of each member or participant covered by the referendum shall also pay an amount equal to the tax that would be imposed under United States Code, title 26, section 3111(b), on the same wage base specified in paragraph (a).

(c) The amounts under paragraphs (a) and (b) shall be paid by the employer to the Secretary of the Treasury in the manner required by the secretary.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 7

VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATIONS

Section 1. [60A.40] [APPROVAL OF VOLUNTEER FIRE ANNUITY CONTRACT BUSINESS.]

No insurance company that issues single premium annuity contracts may enter into an annuity contract with a volunteer firefighters relief association in this state unless the insurance company has been authorized to conduct this type of business by the commissioner. If the commissioner finds that the insurance company is rated according to a recognized national rating agency or organization among the top 25 percent of all insurance companies doing this

type of business and is so situated and has sufficient capabilities to service these contracts throughout the state, the commissioner shall approve the insurance company for the conduct of this type of business.

Sec. 2. Minnesota Statutes 1986, section 424A.02, is amended by adding a subdivision to read:

Subd. 8a. [PURCHASE OF ANNUITY CONTRACTS.] A relief association providing a lump-sum service pension, if the governing articles of incorporation or bylaws so provide, may purchase an annuity contract on behalf of a retiring member in an amount equal to the service pension otherwise payable at the request of the person and in place of a direct payment to the person. The annuity contract must be purchased from an insurance carrier licensed to do business in this state and approved for this product by the commerce commissioner under section 1.

Sec. 3. Minnesota Statutes 1986, section 424A.02, is amended by adding a subdivision to read:

Subd. 12a. [COMBINED SERVICE PENSIONS.] If the articles of incorporation or bylaws of the associations so provide, a volunteer firefighter with total service credit of ten years or more as a member of two or more relief associations is entitled, when otherwise qualified, to a prorated service pension from each association in which the member has two years or more of service credit. The prorated service pension must be based on the service pension amount in effect for the relief association on the date volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and give notice of membership to the prior association within two years of termination of active service with the prior association. The notice must be attested to by the association secretary.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment.

Section 3 is effective July 1, 1988, and applies to service performed by a volunteer serving with a fire department on that date or thereafter.

ARTICLE 8

LOCAL POLICE AND FIRE RELIEF ASSOCIATIONS

Section 1. [VIRGINIA FIREFIGHTERS RELIEF ASSOCIATION;

PRIOR LEGISLATION.] Laws 1987, chapter 372, article 2, section 16, is amended to read:

Sec. 16. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment. Sections 2 to 6 and 15 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021. Sections 7 to 9 are effective upon approval by the Hibbing city council and compliance with Minnesota Statutes, section 645.021. Section 10 is effective as approved by the governing body of the city of West St. Paul and if there is compliance with Minnesota Statutes, section 645.021, and the increase in service pensions payable due to section 10 is initially payable on January 1, 1988, and is applicable to any member of the West St. Paul police relief association who retired on or after February 1, 1985. Section 11 is effective upon approval by the Clifton independent nonprofit firefighting corporation and the approval of the governing body of the township of Duluth and compliance with Minnesota Statutes, section 645.021. Section 12 is effective upon approval by the Mankato city council and compliance with Minnesota Statutes, section 645.021. Section 13 is effective upon approval by the governing body of the city of Millerville and compliance with Minnesota Statutes, section 645.021. Section 14 is effective retroactive to January 1, 1987, upon approval by the Virginia city council and compliance with Minnesota Statutes, section 645.021.

Sec. 2. [VIRGINIA FIREFIGHTERS RELIEF ASSOCIATION; SURVIVOR BENEFITS.]

Survivor benefits accrued to a member of the Virginia firefighters relief association up to the date of death must be paid to surviving children, if any, if the spouse of the member predeceases the member. If no children survive the member, survivor benefits accrued to the member up to the date of death must be paid to the beneficiary designated by the member.

Sec. 3. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund may be increased by \$50 a month. Increases may be made retroactive to January 1, 1988.

Sec. 4. [FRIDLEY FIREFIGHTERS; DEFINED CONTRIBUTION PLAN.]

Notwithstanding any law to the contrary, the Fridley volunteer

firefighters relief association may amend its articles of incorporation or bylaws to convert its defined benefit pension plan to a defined contribution plan. The conversion plan must provide for allocation of special fund assets among individual accounts to be established for each active firefighters association member. Instead of providing further defined pension plan benefits, the association shall purchase annuity contracts with existing special fund assets for retired members and for active members who may not qualify as a "volunteer firefighter" under Minnesota Statutes, chapter 424A. All provisions of Minnesota Statutes not inconsistent with this section govern the defined contribution plan established under this section.

Sec. 5. Laws 1955, chapter 151, section 9, subdivision 7, as amended by Laws 1963, chapter 271, section 6, is amended to read:

Subd. 7. The association shall pay to any member who, after not less than ~~ten~~ five years of service in the police department, retires because of sickness or injury occurring while not on duty and not engaged in police work and the retirement is necessary because the member is unable to perform police duties, a pension of ~~20 ten~~ units per month, and for each additional year of service over ~~ten~~ five years, a pension of two units per month, but not to exceed a total of 40 units. If a member is entitled to more than 40 units through years of service, he shall receive those additional units over 40 when he becomes 50 years of age, but the total of these pension payments shall not exceed 50 units per month.

Sec. 6. [MINNETONKA VOLUNTEER FIREFIGHTERS.]

Subdivision 1. [EXCLUSION FROM COVERAGE.] Notwithstanding any law to the contrary, a volunteer firefighter serving with the Minnetonka fire department is excluded from the definition of "public employee" in Minnesota Statutes, section 353.01, subdivision 2, for activities undertaken as part of volunteer firefighter duties. Compensation paid to a Minnetonka volunteer firefighter for volunteer firefighting duties must be excluded from the definition of "salary" in section 353.01, subdivision 10. A Minnetonka volunteer firefighter is not a member of the public employees police and fire fund as a result of volunteer firefighter duties.

Subd. 2. [QUALIFICATION FOR CERTAIN PERSONS.] A person who is a Minnetonka volunteer firefighter may qualify as a "public employee" under section 353.01, subdivision 2, and may be a member of the public employees police and fire fund for compensation received from employment and activities other than volunteer firefighter duties.

Subd. 3. [REFUND.] A volunteer firefighter who is excluded from membership by subdivision 1 is entitled to a refund of member contributions to the public employees retirement association or the public employees police and fire fund based on compensation as a

volunteer firefighter, plus interest at the rate of six percent a year, compounded annually, if the person or the city of Minnetonka demonstrates to the satisfaction of the executive director of the association the amount of contributions made by the person on behalf of service as a volunteer firefighter.

Sec. 7. [THIEF RIVER FALLS VOLUNTEER FIRE RELIEF ASSOCIATION; VALIDATION OF CERTAIN SERVICE PENSIONS.]

The payment of a service pension before January 1, 1988, by the Thief River Falls volunteer firefighters relief association to a person who terminated active service with the Thief River Falls fire department with at least 20 years of active service before attaining age 50 and who complies with all other conditions of the articles of incorporation or bylaws of the relief association are validated.

Sec. 8. [ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION FIVE-YEAR VESTING.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the St. Paul teachers retirement fund association to amend the bylaws of the association in effect on June 1, 1978, as amended, governing the benefits of the basic division of the association, article IV, section 3, paragraph 1, clauses (b), applicable to limited service pensions, and (d), applicable to deferred pensions, and article IV, section 3, paragraph 10, applicable to survivor benefits, by replacing the ten years of accredited service vesting requirement with a five years of accredited service vesting requirement.

Sec. 9. [MINNEAPOLIS TEACHERS PARTICIPATING ANNUITY; EXTENSION TO CERTAIN RETIREES.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the Minneapolis teachers retirement fund association to amend its articles of incorporation to permit annual participating annuity adjustments under article IX, subsection (19), to be applied, effective January 1, 1989, to minimum normal retirement annuities payable to eligible recipients under article IX, subsection (14), as amended pursuant to Laws 1987, chapter 372, article 3, section 1, paragraph (f).

Sec. 10. [LOCAL APPROVAL.]

Sections 1 and 2 are effective upon approval by the Virginia city council and compliance with Minnesota Statutes, section 645.021.

Section 3 is effective upon approval by the Eveleth city council and compliance with Minnesota Statutes, section 645.021.

Section 4 is effective upon approval by the Fridley city council and compliance with Minnesota Statutes, section 645.021.

Section 5 is effective upon approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Section 6 is effective upon approval by the Minnetonka city council and compliance with Minnesota Statutes, section 645.021.

Section 7 is effective upon approval by the Thief River Falls city council and compliance with Minnesota Statutes, section 645.021.

Sections 8 and 9 are effective the day following final enactment.

ARTICLE 9

OTHER RETIREMENT ISSUES

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~~ 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 disabled 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.

Sec. 3. [356.245] [LOCAL ELECTED OFFICIALS.]

An elected official covered by section 353.01, subdivision 2a, is eligible to participate in the state of Minnesota deferred compensation plan under section 356.24. A local governmental unit may make the matching employer contributions authorized by that section on the part of a participating elected official.

Sec. 4. Minnesota Statutes 1986, section 490.124, subdivision 2, is amended to read:

Subd. 2. [MINIMUM SERVICE REQUIREMENT; EXTENSION OF TERM.] No judge shall be eligible for an annuity at normal or early retirement date if the judge has less than ~~ten~~ five years of allowable service. A judge who shall retire on or, as permitted under sections 490.121 to 490.132, after mandatory retirement date, shall be entitled to a proportionate annuity based upon the allowable service of the judge at date of retirement.

A judge who was in office on December 31, 1973 and thereafter and who, by the date on which the current term expires, would not be eligible to retire with full benefits under statutes in effect on December 31, 1973, may apply to the governor for an extension to serve up to three additional years, stating the intention of the judge to retire upon attaining eligibility to receive a retirement allowance. Notwithstanding section 490.125, the governor shall forthwith make a written order accepting the retirement application, and extending the term of office of the judge for the period of time, not to exceed three years, as may be necessary to make the judge eligible for retirement, solely for purposes of computing benefits hereunder.

Sec. 5. Laws 1986, chapter 359, section 25, is amended to read:

Sec. 25. [STATE AIDS FOR WINONA.]

Upon receipt of the state auditor's report of the relief association for calendar year 1985 and of the valuation report for December 31, 1985, the commissioner of finance shall issue warrants to the city of Winona in the amounts equal to the amounts of police state aid, amortization state aid, and supplemental amortization state aid withheld by the department of finance since August 26, ~~1985~~ 1984, plus interest at a rate of six percent per annum from the date each state aid payment was withheld. This section does not apply to state aids for which the relief association must qualify after December 31, 1987.

Sec. 6. [EFFECTIVE DATE.]

Sections 1, 2, and 5 are effective on the day following final enactment. Sections 3 and 4 are effective July 1, 1988.

ARTICLE 10

UNIFORM JUDICIAL RETIREMENT PLAN

Section 1. Minnesota Statutes 1986, section 490.123, subdivision 1, is amended to read:

Subdivision 1. [CREATION; CONTRIBUTIONS.] ~~There is hereby created a special fund known as The "judges' retirement fund". The fund shall~~ must be credited with all contributions, all interest, and all other income authorized by law. From this fund there are appropriated the payments authorized by sections 490.121 to 490.132, in the amounts and at the times provided herein, including the expenses of administering the fund. ~~Each A~~ judge shall contribute to the fund from each salary payment a sum equal to one-half of one percent of salary, plus a sum equal to the salary multiplied by the rate of employee tax specified in the Federal Insurance Contributions Act as defined in section 355.01, subdivision 9, but in aggregate not less than seven percent of salary. In addition, a judge referred to in section 355.392, subdivision 1, clause (b), shall contribute to the fund from each salary payment a sum equal to an additional three-quarters of one percent of salary. The balance of all money necessary for administering sections 490.121 to 490.132 and the judges' retirement fund, including payment of retirement compensation and other benefits under sections 490.121 to 490.132, shall must be contributed to the fund by the state.

Money certified by the executive director of the Minnesota state retirement system to the commissioner of finance as needed to meet the state's obligations to the judges' retirement fund ~~shall must~~ be transferred to the fund at least once a month.

Sec. 2. Minnesota Statutes 1987 Supplement, section 490.124, subdivision 11, is amended to read:

Subd. 11. [OPTIONAL ANNUITIES.] ~~There shall be~~ No survivor or death benefits may be paid in connection with the death of a judge who retires after December 31, 1973, except as otherwise provided in sections 490.121 to 490.132. Within 30 days before retirement, except as provided in subdivision 10, a judge may elect to receive, ~~in lieu instead~~ of the normal retirement annuity, an optional retirement annuity ~~which shall take~~ in the form of either an annuity payable for a period certain and for life ~~thereafter or after that period~~; a joint and survivor annuity without reinstatement in the event of the designated beneficiary predeceasing the retired judge, or a joint and survivor annuity with reinstatement in the event of

the designated beneficiary predeceasing the retired judge. The An optional retirement annuity shall must be actuarially equivalent to a single life annuity with no term certain and shall must be established by the board of directors of the Minnesota state retirement system. In establishing these optional retirement annuity forms, the board shall obtain the written recommendation of the actuary retained by the legislative commission on pensions and retirement. The recommendations shall must be a part of the permanent records of the board.

Sec. 3. Minnesota Statutes 1986, section 490.129, is amended to read:

490.129 [BENEFITS OFFSET.]

Upon any event of maturity of benefits for ~~any~~ a judge referred to in section 355.392, subdivision 1, clause (b), the amount payable from the judges' retirement fund ~~shall must~~ be reduced by ~~75~~ 50 percent of the amount of the judge's primary benefit payable upon the event of maturity of benefits under the Social Security Act.

Upon any event of maturity of benefits for the judge's surviving spouse or dependent children under section 490.124, subdivision 9, the amount payable from the judges' retirement fund ~~shall must~~ be based ~~(a) (1)~~ on the judge's normal retirement annuity or ~~(b) (2)~~ upon the event of maturity of benefits under the Social Security Act, on the judge's normal retirement annuity after reduction by ~~75~~ 50 percent of the amount of the judge's primary benefit under the Social Security Act; provided that the surviving spouse or dependent children ~~shall must~~ receive an annuity of not less than 25 percent of the judge's final average compensation.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 1988. Section 3 is effective retroactively to August 1, 1987, and applies to benefits that accrued, accrue, or would have accrued after that date.

ARTICLE 11

INDIVIDUAL RETIREMENT ACCOUNT PLAN

Section 1. Minnesota Statutes 1986, section 354.05, is amended by adding a subdivision to read:

Subd. 2a. [EXCEPTIONS.] Notwithstanding subdivision 2, a person who is first employed as a teacher in the state university system or the state community college system after June 30, 1988, is not a member of the fund unless the person is covered by section

3, subdivision 2, and has exercised an option under that subdivision to remain a member of the fund.

Sec. 2. [354B.01] [DEFINITIONS.]

Subdivision 1. [PLAN.] "Plan" means the individual retirement account plan established by sections 2 to 5.

Subd. 2. [COVERED EMPLOYMENT, STATE UNIVERSITIES.] "Covered employment," with respect to employment by the state university system, means employment in a position included in the definition of teacher under section 354.05, subdivision 2, other than that of an administrator covered by or eligible for coverage in the Minnesota state retirement system unclassified employees retirement plan.

Subd. 3. [COVERED EMPLOYMENT, COMMUNITY COLLEGES.] "Covered employment," with respect to employment by the community college system, means employment in a position included in the definition of teacher under section 354.05, subdivision 2.

Sec. 3. [354B.02] [COVERED PERSONS.]

Subdivision 1. [PLAN PARTICIPANTS.] Except as provided in subdivision 2, a person who was first employed in covered employment after June 30, 1988, shall participate in the plan.

Subd. 2. [PERSONS WITH CERTAIN PRIOR SERVICE.] A person with prior service as a member of the teachers retirement association other than in covered employment under section 2, subdivision 2 or 3, who is entitled to a deferred annuity under section 354.55, subdivision 11, and who is first employed in covered employment after June 30, 1988, may, at the person's option, remain a member of the teacher's retirement association or participate in the plan.

Sec. 4. [354B.04] [CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] Persons in covered employment who participate in the plan shall make a member contribution in an amount equal to the amount prescribed by section 354.42, subdivision 2. The contribution must be made by payroll deduction each pay period.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer of persons in covered employment who participate in the plan shall make an employer contribution in an amount equal to the amount prescribed by section 354.42, subdivision 3, and shall continue to make an additional employer contribution to the teachers retire-

ment association in an amount equal to the amount prescribed by section 354.42, subdivision 5.

Subd. 3. [MANNER OF EMPLOYER CONTRIBUTIONS.] The employer of persons in covered employment shall make employer contributions from any available revenue sources. The employer contribution must be made each pay period.

Sec. 5. [354B.05] [ADMINISTRATION.]

Subdivision 1. [GOVERNING BOARDS.] The state university board shall administer the plan for persons in covered employment under section 2, subdivision 2. The community college board shall administer the plan for persons in covered employment under section 2, subdivision 3.

Subd. 2. [PURCHASE OF CONTRACTS.] The state university board and the community college board shall arrange for the purchase of annuity contracts, fixed, variable, or a combination of fixed and variable, or custodial accounts to provide retirement and death benefits to members of the plan. The contracts or accounts must be purchased with contributions under section 4 or money or assets otherwise provided by law or by authority of the state university board or community college board and acceptable by the financial institutions from which the contracts or accounts are purchased.

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] The state university board and the community college board shall select no more than three financial institutions to provide annuity contracts or custodial accounts. Investment programs offered by the institutions must meet the requirements of section 401(a) or 403(b) of the Internal Revenue Code of 1986, as amended. In making their selections, the boards shall consider these criteria:

(1) the experience and ability of the financial institution to provide retirement and death benefits suited to the needs of the covered employees;

(2) the relationship of the benefits to their cost; and

(3) the financial strength and stability of the institution.

Subd. 4. [BENEFITS OWNED BY MEMBERS.] The retirement and death benefits provided by the annuity contracts or custodial accounts are owned by the members of the plan and must be paid in accordance with the provisions of the annuity contracts or custodial accounts.

Sec. 6. Minnesota Statutes 1986, section 356.24, is amended to read:

356.24 [SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.]

It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan ~~which that~~ is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than to a supplemental pension plan ~~which that~~ was established, maintained and operated ~~prior to before~~ May 6, 1971, to ~~any~~ a plan ~~which that~~ provides solely for group health, hospital, disability, or death benefits, to the individual retirement account plan established by sections 2 to 5, or to any a plan ~~which that~~ provides solely for severance pay as authorized ~~pursuant to by~~ section 465.72 to a retiring or terminating employee. No change in benefits or employer contributions in any plan to which this section applies after May 6, 1971 ~~shall be,~~ is effective without prior legislative authorization.

Sec. 7. [CERTAIN NEW EMPLOYEES.]

Notwithstanding section 3, a person who was first hired in covered employment after June 30, 1988, does not become a member of the plan established by sections 3 to 5 until the plan is in operation and ready to accept contributions, and the payment of employer and employee contributions under section 4 does not begin until that time.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective July 1, 1988."

Delete the title and insert:

"A bill for an act relating to retirement; making technical changes in the laws governing the teachers retirement association and the public employees retirement association; including certain county historical society employees in the membership of the public employees retirement association; authorizing certain persons to purchase prior service; excluding certain metropolitan transit commission employees from additional disability and survivorship coverage; regulating volunteer firefighters annuity contracts; authorizing changes in certain local police and firefighters relief associations; authorizing optional Medicare coverage for certain public employees; providing for a special referendum; amending certain mandatory retirement age provisions; clarifying eligibility of local

elected officials for participation in a deferred compensation program; amending vesting provisions for judges; permitting the payment of certain state aids to the city of Winona; making technical changes in the laws governing the judges retirement plan; establishing an individual retirement account plan for state university and community college faculty; amending Minnesota Statutes 1986, sections 353.01, subdivisions 15, 29, and by adding a subdivision; 353.028, subdivision 2; 353.03, subdivision 1; 353.27, subdivisions 7, 13, and by adding subdivisions; 353.32, subdivision 5; 353.33, subdivision 7; 353.37, subdivision 1; 353.65, subdivision 2; 354.05, by adding a subdivision; 356.24; 424A.02, by adding subdivisions; 471.61, subdivision 1; 473.418; 490.123, subdivision 1; 490.124, subdivision 2; and 490.129; Minnesota Statutes 1987 Supplement, sections 136.82, subdivision 1; 352.85, subdivisions 1 and 2; 353.01, subdivisions 2a, 2b, 10, 16, and 20; 353.27, subdivisions 10 and 12; 353.29, subdivision 6; 353.32, subdivision 1a; 353.34, subdivision 3; 353A.10, subdivision 3; 353C.02; 353C.03; 353C.04; 353C.05; 353C.06, subdivisions 1, 3, and 4; 353C.07; 353C.08, subdivision 5 and by adding a subdivision; 353D.05, subdivision 2; 353D.07, subdivisions 1, 2, and 4; 353D.08; 356.302, subdivisions 1 and 3; and 490.124, subdivision 11; Laws 1955, chapter 151, section 9, subdivision 7, as amended; Laws 1986, chapter 359, section 25; Laws 1987, chapter 372, article 2, section 16; proposing coding for new law in Minnesota Statutes, chapters 60A; 355; and 356; proposing coding for new law as Minnesota Statutes, chapter 354B; repealing Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 5."

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

House Conferees: TOM RUKAVINA AND GERALD KNICKERBOCKER .

Senate Conferees: DONALD M. MOE AND EARL W. RENNEKE.

Rukavina moved that the report of the Conference Committee on H. F. No. 2477 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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 by Conference, 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
Beard	Hartle	Long	Otis	Skoglund
Begich	Haukoos	Marsh	Ozment	Solberg
Bennett	Heap	McDonald	Pappas	Sparby
Bertram	Himle	McEachern	Pauly	Stanisus
Boo	Hugoson	McKasy	Pelowski	Steensma
Brown	Jacobs	McLaughlin	Peterson	Sviggum
Burger	Jaros	McPherson	Poppenhagen	Swenson
Carlson, D.	Jefferson	Milbert	Price	Thiede
Carlson, L.	Jennings	Miller	Quinn	Tjornhom
Carruthers	Jensen	Minne	Quist	Tompkins
Clark	Johnson, A.	Morrison	Redalen	Trimble
Clausnitzer	Johnson, R.	Munger	Reding	Tunheim
Cooper	Johnson, V.	Murphy	Rest	Uphus
Dauner	Kahn	Nelson, C.	Rice	Valento
Dawkins	Kalis	Nelson, D.	Richter	Vellenga
DeBlick	Kelly	Nelson, K.	Riveness	Voss
Dempsey	Kelso	Neuenschwander	Rodosovich	Wagenius
DeRaad	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 Conference, and its title agreed to.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 257, A bill for an act relating to state government; requiring the board of investments to adopt an investment policy; authorizing certain investments by the board of investments; providing that certain state employees who are eligible to retire are eligible for state-paid insurance benefits; modifying definition of terms and conditions of employment for public employees; amending Minnesota Statutes 1986, sections 11A.04; 11A.24, subdivisions 2, 4,

5, and 6; 11A.25; 43A.24, subdivision 2; and 179A.03, subdivision 19.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 2031, A bill for an act relating to waste management; requiring certain buildings to provide space for recycling; changing the definition of recyclable materials; specifying the responsibilities of the legislative commission on waste management; adding containment of hazardous waste as an item for which the waste management board may make grants; making industrial waste facilities eligible for processing facility loans; creating additional loan and grant programs for waste tire management; banning used oil from placement on the land; removing the county fee cap for waste disposal in the metropolitan area; adding the chair of the waste management board to the environmental quality board; repealing the expiration date of the legislative commission on waste management; appropriating money; amending Minnesota Statutes 1986, sections 16B.24, subdivision 6; 16B.61, by adding a subdivision; 115A.03, subdivisions 25a and 25b; 115A.14, subdivision 4; 115A.156, subdivision 3; 115A.165; 115A.912; 115A.914; 115A.919; 115B.17, by adding a subdivision; 473.803, subdivision 4; and 609.68; Minnesota Statutes 1987 Supplement, sections 115A.156, subdivisions 1 and 2; 115A.162; 115A.48; 115A.916; 115A.95; and 116C.03, subdivision 2; Laws 1980, chapter 564, article XII, section 1, subdivision 3, as amended; Laws 1987, chapters 348, section 51, subdivision 1; and 404, section 24, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapters 115A and 325E; repealing Minnesota Statutes 1986, sections 115A.14, subdivision 6; and 115A.90, subdivision 4; Minnesota Statutes 1987 Supplement, sections 115A.14, subdivision 5; 115A.41; 116.55; and 116M.07, subdivision 14.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 2127, A bill for an act relating to health maintenance organizations; requiring insolvency insurance policies to be filed; requiring a deposit; creating a net worth requirement; defining admitted assets; imposing investment restrictions; requiring quarterly reports; providing for the inclusion of certain items in provider contracts; regulating rehabilitation and liquidations; providing for alternative coverage for enrollees of an insolvent health maintenance organization; requiring health maintenance organizations to maintain liabilities for unpaid claims; imposing residency requirements for Minnesota comprehensive health association coverage; requiring a report; amending Minnesota Statutes 1986, sections 62D.02, by adding subdivisions; 62D.03, subdivision 4; 62D.041, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 62D.05, subdivision 3; 62D.08, by adding a subdivision; 62D.12, subdivision 5, and by adding a subdivision; 62D.14, subdivision 1; 62D.18; 62D.19; 62E.02, subdivision 13; and 62E.14, subdivision 1; Minnesota Statutes 1987 Supplement, sections 62D.04, subdivision 1; and 62E.10, subdivision 9; Laws 1988, chapter 434, sections 14 and 21; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 2291, A bill for an act relating to state agencies; amending, enacting, and repealing certain laws administered by the department of administration; requiring the commissioner of administration to consider the provision of child care facilities in new state office space; requiring state agencies to adopt policies regulating smoking in space under their control; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending Minnesota Statutes 1986, sections 15.0591, subdivision 2; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.24, by adding subdivisions; 16B.28; 16B.42, subdivision 1; 16B.48, subdivision 2; 16B.55, subdivisions 3 and 6; 16B.65, subdivision 3; 16B.85; 94.12; 136.61, subdivision 1; 136.622; 136.67, subdivision 2;

214.07, subdivision 1; and 382.153; Minnesota Statutes 1987 Supplement, sections 16B.09, subdivision 1; 16B.67; 115A.15, subdivision 6; and 168.012, subdivision 1; Laws 1987, chapter 365, section 24; proposing coding for new law in Minnesota Statutes, chapters 16B; and 136.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 2596, A bill for an act relating to metropolitan government; prescribing the contents of affirmative action plans for metropolitan agencies and a process for approval and reporting of those plans; requiring purchases from businesses owned by socially or economically disadvantaged persons; requiring certain contractors to have affirmative action plans; amending Minnesota Statutes 1986, sections 473.141, subdivision 9; and 473.406, subdivisions 2, 5, 6, and 7; proposing coding for new law in Minnesota Statutes, chapters 3 and 473.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce 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. 2269, A bill for an act relating to health; providing equal access to chiropractic services; providing for renewal of certain health insurance policies; providing for the licensure of doctors of chiropractic; amending Minnesota Statutes 1986, sections 62A.15, subdivisions 1, 2, and 4; Minnesota Statutes 1987 Supplement, sections 62A.48, subdivision 7; 148.06, subdivision 1; and 169.345, subdivisions 2a and 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carruthers moved that the House concur in the Senate amendments to H. F. No. 2269 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2269, A bill for an act relating to health; providing equal access to chiropractic services; providing for the licensure of doctors of chiropractic; permitting a return of premium benefit in certain cases; requiring coverage for routine screening procedures for cancer in certain cases; amending Minnesota Statutes 1986, sections 62A.04, by adding a subdivision; 62A.15, subdivisions 1, 2, and 4; Minnesota Statutes 1987 Supplement, sections 148.06, subdivision 1; and 169.345, subdivisions 2a and 3; 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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Kelly moved that the House concur in the Senate amendments to H. F. No. 2228 and that the bill be repassed as amended by the Senate. The motion prevailed.

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, 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

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

Mr. Speaker:

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

S. F. No. 203.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 203

A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1986, section 48.92, subdivision 7.

April 15, 1988

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 203, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 203 be further amended as follows:

Page 1, line 17, delete "Michigan,"

Page 1, line 18, delete "Oregon, Utah,"

Page 1, after line 18, insert:

"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) a subsidiary of the acquiring bank holding company has failed to meet the requirements set forth in the federal Community Reinvestment Act; or

(7) the acquisition will result in over 30 percent of Minnesota's total deposits in financial institutions as defined in section 13A.01, subdivision 2, being held by banks located in this state owned by reciprocating state bank holding companies. This limitation does 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~~ bank 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 banks, the commissioner may consider the developmental loan performance of financially stable banks 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 "developmental 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. [RECOMMENDATIONS OF THE COMMISSIONER OF COMMERCE.]

The commissioner of commerce shall recommend to the financial institutions and insurance committee of the house of representatives and the commerce committee of the senate by January 1, 1989, reporting requirements for financial institutions as defined in Minnesota Statutes, section 13A.01, subdivision 2, that address a financial institution's commitment and performance in investing in their community. The recommendations must address the following:

(1) the amount of developmental loans that financial institutions have made within their service areas. Developmental loans include, but are not limited to, loans for low and moderate income housing,

operating loans to family farmers, loans made in distressed areas of the state, commercial loans to minority-owned and woman-owned businesses, loans for alternative energy and energy conservation, student loans, loans made for businesses and housing-related loans within Indian reservations, and loans to community-based economic development organizations;

(2) the degree of "redlining" by financial institutions within their service areas;

(3) the effect of reporting requirements on various sizes and types of financial institutions; and

(4) the adequacy of existing federal and state reporting requirements of financial institutions."

Amend the title as follows:

Page 1, line 4, after the semicolon insert "regulating reciprocal interstate banking; requiring the commissioner to recommend reporting requirements;"

Page 1, line 5, before the period insert "; 48.93, subdivision 4; 48.95, subdivision 1; and 48.991"

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

Senate Conferees: MICHAEL O. FREEMAN, DON ANDERSON AND WILLIAM P. LUTHER

House Conferees: WES SKOGLUND, GERALD KNICKERBOCKER AND PETER McLAUGHLIN.

Skoglund moved that the report of the Conference Committee on S. F. No. 203 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 203, A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1986, section 48.92, subdivision 7.

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

The question was taken on the repassage of the bill and the roll was called. There were 95 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Bauerly	Frerichs	Larsen	Orenstein	Scheid
Beard	Greenfield	Lasley	Osthoff	Schreiber
Bennett	Gruenes	Lieder	Otis	Segal
Bertram	Gutknecht	Long	Ozment	Shaver
Bishop	Hartle	Marsh	Pappas	Skoglund
Blatz	Haukoos	McEachern	Pauly	Stanis
Boo	Heap	McKasy	Pelowski	Svigum
Burger	Himle	McLaughlin	Peterson	Swenson
Carlson, D.	Hugoson	McPherson	Poppenhagen	Thiede
Carlson, L.	Jacobs	Milbert	Quinn	Tjornhom
Carruthers	Jefferson	Miller	Quist	Uphus
Clausnitzer	Jennings	Morrison	Redalen	Valento
Dauner	Johnson, A.	Murphy	Reding	Vellenga
Dawkins	Johnson, R.	Nelson, C.	Rest	Voss
Dempsey	Johnson, V.	Nelson, D.	Riveness	Wagenius
DeRaad	Kahn	Nelson, K.	Rodosovich	Waltman
Dorn	Kelso	Neuenschwander	Rose	Welle
Forsythe	Knickerbocker	O'Connor	Sarna	Wynia
Frederick	Knuth	Olsen, S.	Schafer	Spk. Vanasek

Those who voted in the negative were:

Anderson, G.	Dille	Krueger	Onnen	Trimble
Anderson, R.	Jaros	McDonald	Rice	Tunheim
Battaglia	Jensen	Minne	Richter	Wenzel
Begich	Kalis	Munger	Rukavina	Winter
Brown	Kelly	Ogren	Solberg	
Clark	Kinkel	Olson, E.	Sparby	
Cooper	Kludt	Olson, K.	Steensma	
DeBleck	Kostohryz	Omann	Tompkins	

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

Mr. Speaker:

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

S. F. No. 1686.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1686

A bill for an act relating to agriculture; prescribing procedure for delivery of dry edible beans from a grain warehouse; requiring the grade of dry edible beans on warehouse receipts; prescribing a redelivery charge; amending Minnesota Statutes 1986, sections 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, by adding a subdivision.

April 15, 1988

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1686, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment and that S. F. No. 1686 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [1.1496] [STATE MUFFIN.]

The blueberry muffin is adopted as the official muffin of the state of Minnesota."

Delete the title and insert:

"A bill for an act relating to the state muffin; designating the blueberry muffin as the state muffin; proposing coding for new law in Minnesota Statutes, chapter 1."

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

Senate Conferees: FLORIAN C. CHMIELEWSKI, DENNIS R. FREDERICKSON AND CHARLES A. BERG.

House Conferees: CHARLES BROWN, DOUGLAS W. CARLSON AND PAUL ANDERS OGDEN.

Brown moved that the report of the Conference Committee on S. F. No. 1686 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1686, A bill for an act relating to agriculture; prescribing procedure for delivery of dry edible beans from a grain warehouse; requiring the grade of dry edible beans on warehouse receipts; prescribing a redelivery charge; amending Minnesota Statutes 1986, sections 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 116 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Rose

Welle

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

Mr. Speaker:

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

S. F. No. 1711.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1711

A bill for an act relating to Aitkin county; permitting the county to regulate certain public land interests by ordinance.

April 15, 1988

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1711, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1711 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [AITKIN COUNTY PUBLIC LAND ORDINANCES.]

Subdivision 1. [REGULATION.] The Aitkin county board of commissioners may regulate by ordinance the use of lands that are adjacent to public waters and dedicated to the public or for public use but are not owned by the state or held in the corporate name of a home rule charter or statutory city or other political subdivision. The ordinance may regulate the times and types of uses of the lands, including the placement of structures, the parking of vehicles or trailers, and the placement of docks and boats on the lands or in waters adjacent to them. The ordinance may make different provisions for times and types of uses for each separate parcel of land affected by the ordinance. The ordinance may provide penalties permitted by Minnesota Statutes, section 375.53. The ordinance is not required to include every parcel of land possibly subject to this section.

The enactment of an ordinance pursuant to this section shall not be construed to be the acquisition of any affected parcel of land by the county. The exercise of regulatory authority under the ordinance shall not be construed as the adoption of any affected parcel for maintenance, supervision, or any other proprietary purpose by the county.

Subd. 2. [LOCAL APPROVAL.] This section takes effect the day after the Aitkin county board complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 2. [CARLTON COUNTY ASSISTANT COUNTY ATTORNEY.]

Subdivision 1. Notwithstanding Minnesota Statutes, section 353.37, or any other law to the contrary, an assistant county attorney for Carlton county who retired under the rule of 85 after

public service in various legal positions and who, in February 1987, resumed public service in the person's present position, is considered to have elected a deferred annuity under Minnesota Statutes, section 353.34, subdivision 3, with deferred annuity payments to commence upon the termination of the person's present employment. During the person's present employment, the person is entitled to participation in the state unclassified employees retirement program, and the person and the county shall make the contributions required under Minnesota Statutes, chapter 352D.

Subd. 2. This section is effective on approval by the Carlton county board, the day after compliance with Minnesota Statutes, section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to local government; regulating certain Carlton county employee benefits; permitting Aitkin county regulation of certain public land interests."

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

Senate Conferees: FLORIAN CHMIELEWSKI, SAM G. SOLON AND BOB LESSARD.

House Conferees: PAUL ANDERS OGREN, LOREN A. SOLBERG AND DOUGLAS W. CARLSON.

Ogren moved that the report of the Conference Committee on S. F. No. 1711 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1711, A bill for an act relating to Aitkin county;

permitting the county to regulate certain public land interests by ordinance.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Mr. Speaker:

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

S. F. No. 1955.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 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.

April 14, 1988

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1955, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 1955 be further amended as follows:

Page 3, after line 24, insert:

"Sec. 3. Minnesota Statutes 1987 Supplement, section 383A.554, is amended to read:

383A.554 [POWERS AND DUTIES.]

Before December 31, ~~1988~~ 1989, the charter commission shall deliver to the board of county commissioners either (1) its report

determining that the present form of county government is adequate for the county and that a charter is not necessary or desirable, or (2) a draft of a proposed charter. The report must be signed by a majority of the members of the charter commission. The proposed charter may provide for any form of government consistent with the constitution of the state of Minnesota. It may provide for the establishment and administration of all departments of a county government and for the regulation of all local county functions. It may abolish or consolidate any department or agency. The charter commission is required to hold at least one public hearing in each of the county commissioner districts.

It shall provide for present functions to be assumed by new elective or appointive officers as shall be provided for in the charter and may provide for other powers consistent with other law. It shall provide methods of procedure in respect to the operation of the government created and the duties of all officers. It shall provide for a home rule charter commission consistent with article XII, section 5, of the constitution of the state of Minnesota and may provide for alternative methods for amending or abandoning the charter consistent with the constitution. The county may be authorized to acquire by gift, devise, purchase, or condemnation or sell or lease any property needed for the full discharge of its duties and powers. All special and general laws authorizing the county to incur indebtedness or issue bonds shall be subject to the charter, provided that the charter provisions are not in conflict with general laws relating to public indebtedness. The county shall continue to have all the powers granted by law.

Personnel matters relating to Ramsey county employees shall continue to be governed by Minnesota Statutes, sections 383A.281 to 383A.301 and Minnesota Statutes, sections 197.455 to 197.48. A charter proposed for adoption under sections 383A.551 to 383A.556 shall not apply to personnel matters."

Amend the title as follows:

Page 1, line 4, after "land" insert "; extending the time for the charter commission; amending Minnesota Statutes 1987 Supplement, section 383A.554"

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

Senate Conferees: STEVEN G. NOVAK, JOHN J. MARTY AND DONALD M. MOE.

House Conferees: DANIEL J. KNUTH, STEVE TRIMBLE AND BRAD G. STANIUS.

Knuth moved that the report of the Conference Committee on S. F. No. 1955 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

Speaker pro tempore Long called Anderson, G., to the Chair.

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 third time, as amended by Conference, and placed upon its repassage.

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

Those who voted in the affirmative were:

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

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

Mr. Speaker:

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

S. F. No. 2122.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2122

A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; providing for patient access to medical records; requiring outpatient diagnostic and test results to be retained as part of an individual permanent medical record; amending Minnesota Statutes 1986, sections 13.04, subdivision 4; 13.67; 13.791, subdivision 1; 144.335, subdivision 2; 145.32, subdivision 2; 171.12, by adding a subdivision; and 363.061, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13 and 221; repealing Minnesota Statutes 1986, section 13.72, subdivision 3.

April 14, 1988

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2122, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2122 be further amended as follows:

Page 2, line 13, delete "altered, modified" and insert "completed, corrected"

Page 2, line 16, delete "altering, modifying" and insert "completing, correcting"

Page 2, line 20, delete "was" and insert "were" and before the period insert "that does not contain any particulars of the successfully challenged data"

Page 3, lines 18 and 19, reinstate the stricken language

Page 3, line 22, reinstate the stricken language and delete the new language

Page 3, delete line 23

Page 3, line 24, delete everything before the period

Page 3, line 24, after the period insert "The commissioner of jobs and training may release the name, business address, and business telephone number of an individual licensed under section 248.07, subdivision 8."

Page 4, line 8, delete everything after the first "zoo"

Page 4, line 9, delete everything before the period

Page 4, after line 9, insert:

"Names of donors and gift ranges are public data.

Sec. 5. Minnesota Statutes 1986, section 13.84, subdivision 5, is amended to read:

Subd. 5. [DISCLOSURE.] Private or confidential court services data shall not be disclosed except:

(a) Pursuant to section 13.05;

(b) Pursuant to a statute specifically authorizing disclosure of court services data;

(c) With the written permission of the source of confidential data;

(d) To the court services department, parole or probation authority or correctional agency having statutorily granted supervision over the individual subject of the data; or

(e) Pursuant to subdivision 5a; or

(f) Pursuant to a valid court order.

Sec. 6. Minnesota Statutes 1986, section 13.84, is amended by adding a subdivision to read:

Subd. 5a. [PUBLIC BENEFIT DATA.] The responsible authority or its designee of a parole or probation authority or correctional agency may release private or confidential court services data related to criminal acts to any law enforcement agency, if necessary for law enforcement purposes, or to the victim of a criminal act where the data are necessary for the victim to assert the victim's legal right to restitution.

Sec. 7. Minnesota Statutes 1986, section 13.85, is amended by adding a subdivision to read:

Subd. 5. [PUBLIC BENEFIT DATA.] The responsible authority or its designee of any agency that maintains corrections and detention data may release private or confidential corrections and detention data to any law enforcement agency, if necessary for law enforcement purposes, or to the victim of a criminal act where the data are necessary for the victim to assert the victim's legal right to restitution."

Page 4, line 26, delete "and impressions"

Page 4, line 27, before the period insert "except that all information necessary for the patient's informed consent must be provided"

Page 5, line 23, delete everything after "from"

Page 5, line 24, delete everything before "the" and insert "the computer records that are disclosed to persons or agencies outside"

Page 5, after line 31, insert:

"Sec. 12. Minnesota Statutes 1987 Supplement, section 260.161, subdivision 3, is amended to read:

Subd. 3. (a) Peace officers' records of children shall be kept separate from records of persons 18 years of age or older and shall not be open to public inspection or their contents disclosed to the public except (1) by order of the juvenile court, or ~~except~~ (2) as required by a written memorandum of understanding adopted under section 126.035, or (3) as authorized under chapter 13; except that traffic investigation reports may be open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. No photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169.121 or 169.129. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies if the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing a criminal investigation.

Page 6, after line 6, insert:

"Sec. 15. [EFFECTIVE DATE.]

Sections 2, 3, 10, and 13 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "providing for access to data;"

Page 1, line 9, after the first semicolon insert "13.84, subdivision 5, and by adding a subdivision; 13.85, by adding a subdivision;"

Page 1, line 11, after the semicolon insert "Minnesota Statutes 1987 Supplement, section 260.161, subdivision 3;"

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

Senate Conferees: RANDOLPH W. PETERSON, FRITZ KNAAK AND RICHARD J. COHEN.

House Conferees: DARBY NELSON, HOWARD R. ORENSTEIN AND DOUGLAS G. SWENSON.

Nelson, D., moved that the report of the Conference Committee on S. F. No. 2122 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2122, A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; providing for patient access to medical records; requiring outpatient diagnostic and test results to be retained as part of an individual permanent medical record; amending Minnesota Statutes 1986, sections 13.04, subdivision 4; 13.67; 13.791, subdivision 1; 144.335, subdivision 2; 145.32, subdivision 2; 171.12, by adding a subdivision; and 363.061, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13 and 221; repealing Minnesota Statutes 1986, section 13.72, subdivision 3.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Mr. Speaker:

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

S. F. No. 2266.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 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.

April 15, 1988

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2266, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2266 be further amended as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1986, section 626.559, is amended by adding a subdivision to read:

Subd. 1a. [CHILD PROTECTION WORKER PRESERVICE EDUCATION.] Any individual who seeks employment as a child protection worker after the commissioner of human services has implemented the preservice training program developed under section 2, subdivision 2, must complete preservice training in order to be eligible for employment as a child protection worker.

Sec. 2. [626.5591] [CHILD PROTECTION WORKERS; TRAINING; ADVISORY COMMITTEE.]

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meaning given unless the specific context indicates otherwise:

(a) "Child protection agency" means an agency authorized to receive reports, conduct assessments and investigations, and make determinations pursuant to section 626.556, subdivision 10.

(b) "Child protection services" means the receipt and assessment of reports of child maltreatment and the provision of services to families and children when maltreatment has occurred or when there is risk of maltreatment. These services include: (1) the assessment of risk to a child alleged to have been abused or neglected; (2) interviews of any person alleged to have abused or neglected a child and the child or children involved in the report, and interviews with persons having facts or knowledge necessary to assess the level of risk to a child and the need for protective intervention; (3) the gathering of written or evidentiary materials; (4) the recording of case findings and determinations; and (5) other actions required by section 626.556, administrative rule, or agency policy, but excluding administrative practices necessary solely for

the collection of data.

(c) "Competency-based training" means a course of instruction that provides both information and skills practice, which is based upon clearly stated and measurable instructional objectives, and which requires demonstration of the achievement of a particular standard of skills and knowledge for satisfactory completion.

(d) "Preservice training" means training provided to local child protection workers before they perform official job duties in a local child protection agency.

(e) "Probationary training" means training provided to a local child protection worker after the person has begun to perform child protection duties, but before the expiration of six months of employment as a child protection worker. This probationary training must occur during the performance of job duties and must include an evaluation of the employee's application of skills and knowledge.

(f) "In-service training" means training provided to a local child protection worker after the person has performed an initial six months of employment as a child protection worker.

Subd. 2. [TRAINING PROGRAM; DEVELOPMENT.] The commissioner of human services shall develop a program of competency-based preservice and probationary training for child protection workers if funds are appropriated to the commissioner for this purpose.

Sec. 3. [626.5592] [STEERING COMMITTEE.]

Subdivision 1. [APPOINTMENT.] The commissioner of human services shall appoint a steering committee to assist in the development of the training program under section 2.

Subd. 2. [MEMBERSHIP.] The steering committee consists of the following members:

(1) two individuals who are in a supervisory capacity in a local child protection agency;

(2) two individuals who are child protection workers with significant experience;

(3) one individual who has expertise in training and development;

(4) one law enforcement officer;

(5) three individuals who have particular expertise in any aspect of child protection services described in section 2; and

(6) three individuals from among the general public.

Subd. 3. [DUTIES.] The steering committee shall advise the commissioner regarding the format and content of the training program developed under section 2. The steering committee shall also:

(1) review and approve a two-year plan for the implementation of section 2;

(2) make recommendations as to the staffing and operation of section 2;

(3) make recommendations to the legislature on the implementation of section 2; and

(4) review implementation steps on a regular basis, and recommend necessary changes in department or public policy.

Subd. 4. [COMPENSATION.] The steering committee shall serve without compensation."

Page 1, line 9, delete "Section 1." and insert "Sec. 4."

Page 1, delete lines 13 to 15 and insert:

"(a) "Child abuse" means any act which involves a minor victim and which constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.255, 609.342, 609.343, 609.344, 609.345, 609.377, or 609.378."

Page 1, line 19, delete "criminal sexual conduct" and insert "child abuse"

Page 2, line 10, delete "shall" and insert "may"

Page 2, line 11, delete "criminal sexual conduct" and insert "child abuse"

Page 2, line 15, delete "sexual"

Page 2, lines 21 to 22, delete "criminal sexual conduct" and insert "child abuse"

Page 3, line 4, before the semicolon, insert ", but not including attorneys' work product"

Page 3, line 12, delete "criminal sexual conduct" and insert "child abuse"

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing for the development of a training program for child protection workers;"

Page 1, line 6, before the period, insert "; amending Minnesota Statutes 1986, section 626.559, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 626"

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

Senate Conferees: RICHARD J. COHEN, JIM RAMSTAD AND LINDA BERGLIN.

House Conferees: PHIL CARRUTHERS, KATHLEEN A. BLATZ AND RANDY C. KELLY.

Carruthers moved that the report of the Conference Committee on S. F. No. 2266 be adopted and that the bill be repassed as amended by the Conference Committee. 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 third time, as amended by Conference, and placed upon its repassage.

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

Those who voted in the affirmative were:

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

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

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

Mr. Speaker:

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

S. F. No. 412.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 412

A bill for an act relating to real property; creating a lien against real property where the state has incurred cleanup expenses and the owner is liable for the expenses under Minnesota Statutes, chapter 115B or 115C; providing procedures for implementation and enforcement of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

April 15, 1988

The Honorable Jerome M. Hughes
President of the Senate

The Honorable Robert Vanasek
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 412, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

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

Senate Conferees: WILLIAM P. LUTHER, GARY W. LAIDIG AND LEROY A. STUMPF.

House Conferees: DEE LONG, SIDNEY J. PAULY AND JEAN D. WAGENIUS.

Long moved that the report of the Conference Committee on S. F. No. 412 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 412, A bill for an act relating to real property; creating a lien against real property where the state has incurred cleanup expenses and the owner is liable for the expenses under Minnesota Statutes, chapter 115B or 115C; providing procedures for implementation and enforcement of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

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

The question was taken on the repassage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Mr. Speaker:

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

H. F. No. 2126, A bill for an act relating to the organization and operation of state government; appropriating money for human services and health 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 a subdivision; 144.125; 144.50, by adding a subdivision; 144A.04, by adding a subdivision; 144A.08, by adding a subdivision; 145.43, subdivisions 1 and 1a; 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, subdivision 1; 252.291, subdivisions 1 and 2; 253B.03, by adding a subdivision; 253B.17, subdivision 1; 256.73, subdivisions 2 and 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.50, subdivision 1, and 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; 256F.07, by adding a subdivision; 257.071, subdivisions 2, 3, 6, and by adding a subdivision; 257.072; 260.181, subdivision 3; 268.0111, by adding a subdivision; 268.86, by adding a subdivision; 268.91, subdivision 7; 268.911, subdivision 3; 326.371; 462.05, by adding a subdivision; 462A.21, by adding a subdivision; 609.72, subdivision 1; and 611A.32, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.922, subdivision 6; 16B.08, subdivision 7; 62A.152, subdivision 2; 62A.48, subdivision 7; 62A.50, subdivision 3; 62D.102; 129A.01, subdivision 5, 6, and 7; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, 5, and by adding a subdivision; 144A.071, subdivision 3; 144A.073, subdivisions 1, 7, and 8; 145.43, subdivision 4; 145A.06, by adding a subdivision; 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; 252.291, subdivision 3; 252.46, subdivisions 5 and 6, and by adding subdivisions; 253B.03, subdivision 6; 256.01, subdivision 4; 256.015, subdivi-

vision 2; 256.736, subdivisions 1b, 4, and 11; 256.936; 256.969, subdivisions 2 and 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, subdivisions 2b, 3, and 4; 256B.433, subdivision 1; 256B.50, subdivision 2; 256B.501, subdivision 1; 256B.73, subdivision 2; 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; and 326.73; Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended; Laws 1987, chapter 337, section 131; Laws 1987, chapter 403, articles 1, section 4, subdivision 4; 2, section 34; and 4, section 13; proposing coding for new law in Minnesota Statutes, chapters 62A; 62C; 62D; 144; 145; 153A; 157; 179A; 198; 245; 252; 256; 256B; 257; and 268; proposing coding for new law as Minnesota Statutes, chapter 152A; repealing Minnesota Statutes 1986, 144.388; 153A.01; 153A.02; 153A.03; 153A.04; 153A.05; 153A.06; 153A.07; 153A.08; 153A.09; 153A.10; 153A.11; 153A.12; 245.84, subdivision 4; 245.86; 245.87; 246.023, subdivisions 2, 3, 4, and 5; 257.071, subdivision 6; and 268.061; 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.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

SPECIAL ORDERS

S. F. No. 2292 was reported to the House.

Carlson, D., moved that S. F. No. 2292 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 2452 was reported to the House.

Kelly moved that S. F. No. 2452 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 1652 was reported to the House.

Greenfield and O'Connor offered an amendment to S. F. No. 1652.

POINT OF ORDER

Gutknecht raised a point of order pursuant to rule 3.9 that the Greenfield and O'Connor amendment was not in order. Speaker pro tempore Anderson, G., ruled the point of order well taken and the amendment out of order.

O'Connor offered an amendment to S. F. No. 1652.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 3.9 that the O'Connor amendment was not in order. Speaker pro tempore Anderson, G., ruled the point of order well taken and the amendment out of order.

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 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.	Frederick	Krueger	Onnen	Seaberg
Anderson, R.	Frerichs	Larsen	Orenstein	Segal
Battaglia	Greenfield	Lasley	Osthoff	Shaver
Bauerly	Gruenes	Lieder	Otis	Skoglund
Beard	Gutknecht	Marsh	Ozment	Solberg
Begich	Hartle	McDonald	Pappas	Sparby
Bennett	Haukoos	McEachern	Pauly	Stanis
Bertram	Heap	McKasy	Pelowski	Steenasma
Bishop	Himle	McLaughlin	Peterson	Sviggum
Boo	Hugoson	McPherson	Popenhagen	Swenson
Brown	Jacobs	Milbert	Price	Thiede
Burger	Jaros	Miller	Quinn	Tjornhom
Carlson, D.	Jefferson	Minne	Quist	Tompkins
Carlson, L.	Jennings	Morrison	Redalen	Trimble
Carruthers	Jensen	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	Voss
Dawkins	Kelly	Neuenschwander	Rodosovich	Wagenius
DeBlieck	Kelso	O'Connor	Rose	Waltman
Dempsey	Kinkel	Ogren	Rukavina	Welle
DeRaad	Kludt	Olsen, S.	Sarna	Wenzel
Dille	Knickerbocker	Olson, E.	Schafer	Winter
Dorn	Knuth	Olson, K.	Scheid	Wynia
Forsythe	Kostohryz	Omann	Schreiber	

The bill was passed and its title agreed to.

S. F. No. 1804 was reported to the House.

Johnson, A., moved to amend S. F. No. 1804, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 168.011, is amended by adding a subdivision to read:

Subd. 5a. [REGISTERED OWNER.] "Registered owner" means any person, firm, association, or corporation, other than a secured party, having title to a motor vehicle. If a passenger automobile, as defined in subdivision 7, is under lease for 180 days or more, the lessee is deemed, for purposes of registration only, as the registered owner, but the application for renewal of the registration of the automobile must be sent to the lessor.

Sec. 2. Minnesota Statutes 1986, section 168.013, subdivision 7, is amended to read:

Subd. 7. [AGENTS.] Any act required herein of an a registered owner may be performed in the registered owner's behalf by a duly authorized agent. Any person having a lien upon, or claim to, any motor vehicle may pay any tax due thereon to prevent the penalty for delayed registration from accruing, but the registration certificate and number plates shall not be issued until legal ownership is definitely determined.

Sec. 3. Minnesota Statutes 1986, section 168.041, subdivision 7, is amended to read:

Subd. 7. If an a registered owner wishes to sell a motor vehicle during the time its registration plates and registration certificate are impounded or during the time its registration plates bear a special series number, the registered owner may apply to the court which impounded such plates and certificate, for consent to transfer title to the motor vehicle. If the court is satisfied that the proposed sale is in good faith and for a valid consideration, that the registered owner will thereby be deprived of the custody and control of the motor vehicle, and that the sale is not for the purpose of circumventing the provisions of this section, it may certify its consent to the registrar of motor vehicles and return the impounded registration plates and certificates. If during the time the registration plates and certificate of registration are impounded the title to said motor vehicle is transferred by the foreclosure of a chattel mortgage, the cancellation of a conditional sales contract, a sale upon execution, or by decree or order of a court of competent jurisdiction, the court shall order the license plates and registration certificate surrendered to

the new registered owner and notify the registrar of motor vehicles of such action. The registrar of motor vehicles shall then transfer the registration plates and registration certificates to the new registered owner.

Sec. 4. Minnesota Statutes 1986, section 168.10, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] Except as provided in subdivisions 1a, 1b, 1c, 1d, 1g, and 1h, every registered owner of any motor vehicle in this state, not exempted by section 168.012 or 168.26, shall as soon as registered ownership of a motor vehicle is acquired and annually thereafter during the period provided in section 168.31, file with the commissioner of public safety on a blank provided by the commissioner a listing for taxation and application for the registration of such vehicle, stating the first, middle and last names, the dates of birth, and addresses of all registered owners thereof who are natural persons, the full names and addresses of all other registered owners, the name and address of the person from whom purchased, make of motor vehicle, year and number of the model, manufacturer's identification number or serial number, type of body, the weight of the vehicle in pounds, for trailers only, its rated load carrying capacity and for buses only, its seating capacity, and such other information as the commissioner may require. Any false statement willfully and knowingly made in regard thereto shall be deemed perjury and punished accordingly. The listing and application for registration by dealers or manufacturers' agents within the state, of motor vehicles received for sale or use within the state shall be accepted as compliance with the requirements of this chapter, imposed upon the manufacturer.

Registration shall be refused a motor vehicle if the original identification or serial number has been destroyed, removed, altered, covered or defaced. However, if the commissioner is satisfied on the sworn statements of the registered owner or registered owners or such other persons as the commissioner may deem advisable that the applicant is the legal owner, a special identification number in the form prescribed by the commissioner shall be assigned to the motor vehicle. When it has been determined that the number had been affixed to such vehicle in a manner prescribed by the commissioner, the vehicle may thereafter be registered in the same manner as other motor vehicles. In the case of a new or rebuilt motor vehicle manufactured or assembled without an identification or serial number, the commissioner may assign an identification number to the motor vehicle in the same manner as prescribed heretofore.

Sec. 5. Minnesota Statutes 1986, section 168.11, subdivision 1, is amended to read:

Subdivision 1. The registrar shall file such application and, upon approval thereof and upon payment of the motor vehicle tax, as

herein provided, together with all arrears and penalties, if any, and upon the delivery to the registrar of the duly endorsed registration certificate of title of the former owner, as hereinafter provided in chapter 168A, or proof of loss provided in lieu thereof, shall assign to it a distinctive number and issue to the registered owner a registration certificate, which shall contain the full name and date of birth, place of residence, with street and number, if in a city, and post office address of the registered owner, a specific description of the vehicle, and the number assigned, together with a place on the face of the certificate in which the registered owner shall, immediately upon receipt thereof, place the registered owner's signature and, on the reverse side thereof, an assignment and notice of sale or termination of ownership, with places for the signatures of both seller and purchaser, and a place for assignment of the credit for the tax. The registration certificate shall be retained by the registered owner until expiration or surrender, as herein provided. When in administering this chapter convenience or necessity requires, the registration certificate may also be called or referred to as the registration card shall be used in lieu of the certificate of title on vehicles exempt from chapter 168A.

Sec. 6. Minnesota Statutes 1986, section 168.13, is amended to read:

168.13 [PROOF OF OWNERSHIP.]

The registrar shall approve no application and issue no number plates for any motor vehicle, except such as may have come direct from the manufacturer, or from another state, unless and until the registration title certificate theretofore issued or proof of loss thereof by sworn statement shall be under chapter 168A is delivered to the registrar, who shall be satisfied from the records that all taxes and fees due hereunder shall have been paid, and endorsements upon the certificate or sworn proof of loss, are in writing, and have been signed by the seller and purchaser, shall furnish proof that the applicant for registration is paying or receiving credit for the tax upon the vehicle of which the applicant is the rightful possessor; or, in case such certificate or proof is not available, the registrar, or the registrar's deputy, shall be satisfied of such fact by personal view of the motor vehicle serial and motor numbers and by proof of the claim of ownership thereof.

Motor vehicles brought into Minnesota from other states shall not be registered or have number plates issued therefor until such registration certificate or other evidence of title as may reasonably be required from the registrant within that state be surrendered to the registrar in the same manner as certificates of this state, or in lieu thereof, such view and evidence of the chain of ownership be had as will assure the payment of the proper tax so long as the motor vehicle shall be in the state.

Sec. 7. Minnesota Statutes 1986, section 168.33, subdivision 3, is amended to read:

Subd. 3. [RECORD.] The registrar shall keep a suitable record of all motor vehicles registered in the registrar's office, indexed, according to registration number, according to name of the registered owner, according to make of motor vehicle and the factory identification number for such makes as are so identified or according to the serial number of such makes as are so identified until the manufacturers thereof adopt and use an identification number, and according to such other information as the registrar shall deem advisable. Duplicates of the certificate of registration shall be used, until a more efficient system is evolved, to make the registration number and registered owner's indexes herein required, and such other copies as are desirable. The registrar may furnish to any one applying therefor transcripts of such records for not less than the cost of preparing the same; provided, that any sums in excess of such cost received by the registrar for furnishing such transcripts shall be paid by the registrar into the state treasury. The registrar shall also furnish copies thereof, without charge, to the chiefs of police of the cities of Minneapolis, St. Paul, and Duluth.

Sec. 8. Minnesota Statutes 1986, section 168A.10, is amended by adding a subdivision to read:

Subd. 6. Every owner or transferor of a motor vehicle who fails or delays for more than 14 days to file the transfer of ownership with the registrar shall pay the registrar a fee of \$2.

Sec. 9. [APPROPRIATION.]

\$92,820 is appropriated from the highway user tax distribution fund to the commissioner of public safety for the purpose of implementing the program for the mandatory surrender of registration plates and certificates by repeat DWI offenders. The funds are available to June 30, 1989. \$103,000 is appropriated from the highway user tax distribution fund to the commissioner of public safety.

Sec. 10. [REPEALER.]

Minnesota Statutes 1986, section 168.30, is repealed."

Delete the title and insert:

"A bill for an act relating to motor vehicles; providing for registration of motor vehicles by long-term lessees; imposing a fee; appropriating money for the program of mandatory surrender of plates and certificates by repeat DWI offenders; amending Minnesota Statutes 1986, sections 168.011, by adding a subdivision;

168.013, subdivision 7; 168.041, subdivision 7; 168.10, subdivision 1; 168.11, subdivision 1; 168.13; 168.33, subdivision 3; and 168A.10, by adding a subdivision; repealing Minnesota Statutes 1986, section 168.30."

The motion prevailed and the amendment was adopted.

Johnson, A., and Kahn moved to amend S. F. No. 1804, as amended, as follows:

Page 6, after line 16, insert:

"Sec. 10. Minnesota Statutes 1987 Supplement, section 169.345, subdivision 2a, is amended to read:

Subd. 2a. [PHYSICIAN'S STATEMENT.] The commissioner shall develop a form for the physician's statement. The statement must be signed by a licensed physician who certifies that the applicant is a physically handicapped person as defined in subdivision 2. The commissioner may request additional information from the physician if needed to verify the applicant's eligibility. The physician's statement must specify whether the disability is permanent or temporary, and if temporary, the opinion of the physician as to the duration of the disability. A physician who fraudulently certifies to the commissioner that a person is a physically handicapped person as defined in subdivision 2, and that the person is entitled to the license plates authorized by section 168.021 or to the certificate authorized by this section, is guilty of a misdemeanor and is subject to a fine of \$500.

The form must include a notice to the effect that a copy of the form as signed and submitted confers the same privileges as the identifying certificate for a period of 14 days after the date of signing.

Sec. 11. Minnesota Statutes 1987 Supplement, section 169.345, subdivision 3, is amended to read:

Subd. 3. [IDENTIFYING CERTIFICATE.] (a) The division of driver and vehicle services in the department of public safety shall issue a special identifying certificate for a motor vehicle when a physically handicapped applicant submits a physician's statement. The commissioner shall design separate certificates for persons with permanent and temporary disabilities that can be readily distinguished from each other from outside a vehicle at a distance of 25 feet. The certificate is valid for the duration of the person's disability, as specified in the physician's statement, up to a maximum of six years. A person with a disability of longer duration will be required to renew the certificate for additional periods of time, up to six years each, as specified in the physician's statement.

(b) When the commissioner is satisfied that a motor vehicle is used primarily for the purpose of transporting physically handicapped persons, the division may issue without charge a special identifying certificate for the vehicle. The operator of a vehicle displaying the certificate has the parking privileges provided in subdivision 1 while the vehicle is in use for transporting physically handicapped persons. The certificate issued to a person transporting physically handicapped persons must be renewed every third year. On application and renewal, the person must present evidence that the vehicle continues to be used for transporting physically handicapped persons.

(c) A certificate must be made of plastic or similar durable material, must be distinct from certificates issued before January 1, 1988, and must bear its expiration date prominently on its face. A certificate issued to a temporarily disabled person must display the date of expiration of the duration of the disability, as determined under paragraph (a). Each certificate must have printed on the back a summary of the parking privileges and restrictions that apply to each vehicle in which it is used. The commissioner may charge a fee of \$5 for issuance or renewal of a certificate, and a fee of \$5 for a duplicate to replace a lost, stolen, or damaged certificate.

(d) A copy of a physician's statement submitted under paragraph (a), when prominently displayed in the manner prescribed in subdivision 1, entitles the person submitting the statement the same privileges under subdivision 1 as an identifying certificate, for a period of 14 days after the date on which the statement was signed by the physician."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 4, after the semicolon insert "providing that a physician's statement authorizes parking privileges for a physically handicapped person;"

Page 1, line 8, after the second semicolon insert "Minnesota Statutes 1987 Supplement, section 169.345, subdivisions 2a and 3;"

A roll call was requested and properly seconded.

The question was taken on the Johnson, A., and Kahn amendment and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and the amendment was adopted.

Johnson, A., moved to amend S. F. No. 1804, as amended, as follows:

Page 5, after line 17, insert:

"Sec. 7. Minnesota Statutes 1986, section 168.12, subdivision 1, is amended to read:

Subdivision 1. [NUMBER PLATES; VISIBILITY, PERIODS OF ISSUANCE.] The registrar, upon the approval and payment, shall issue to the applicant the number plates required by law, bearing the state name and the number assigned. The number assigned may be a combination of a letter or sign with figures. The color of the plates and the color of the abbreviation of the state name and the number assigned shall be in marked contrast. The plates shall be lettered, spaced, or distinguished to suitably indicate the registration of the vehicle according to the rules of the registrar, and when a vehicle is registered on the basis of total gross weight, the plates issued shall clearly indicate by letters or other suitable insignia the maximum gross weight for which the tax has been paid. These number plates shall be so treated as to be at least 100 times brighter than the conventional painted number plates. When properly mounted on an unlighted vehicle, these number plates, when viewed from a vehicle equipped with standard headlights, shall be visible for a distance of not less than 1,500 feet and readable for a distance of not less than 110 feet. The registrar shall issue these number plates for the following periods:

(1) number plates issued pursuant to sections 168.27, subdivisions 16 and 17, and 168.053 shall be for a one-year period;

(2) new number plates issued pursuant to section 168.012, subdivision 1, shall be issued to a vehicle for as long as it is owned by the exempt agency and shall not be transferable from one vehicle to another but may be transferred with the vehicle from one tax exempt agency to another;

(3) plates issued for passenger automobiles as defined in section 168.011, subdivision 7, motorcycles, motorized bicycles, and motor scooters shall be issued for a ~~six-year~~ eight-year period ~~starting not later than October 1986, or until the next general reissuance of plates every six years thereafter, whichever is less; and~~

(4) plates for any vehicle not specified in clauses (1), (2) and (3), except for trailers as hereafter provided, shall be issued for the life of the vehicle. Beginning with number plates issued for the year 1981, plates issued for trailers with a total gross weight of 3,000 pounds or less shall be issued for the life of the trailer and shall be not more than seven inches in length and four inches in width.

In a year in which plates are not issued, the registrar shall issue for each registration a tab or sticker to designate the year of registration. This tab or sticker shall show the calendar year or years for which issued, and is valid only for that period. The number plates, number tabs, or stickers issued for a motor vehicle may not be transferred to another motor vehicle during the period for which it is issued.

Notwithstanding any other provision of this subdivision, number plates issued to a vehicle which is used for behind-the-wheel instruction in a driver education course in a public school may be transferred to another vehicle used for the same purpose without payment of any additional fee. The registrar shall be notified of each transfer of number plates under this paragraph, and may prescribe a form for notification."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

CALL OF THE HOUSE

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

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

Kelly moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

POINT OF ORDER

Seaberg raised a point of order pursuant to rule 3.9 that the Johnson, A., amendment was not in order. Speaker pro tempore Anderson, G., ruled the point of order not well taken and the amendment in order.

Carlson, D., moved to amend the Johnson, A., amendment to S. F. No. 1804, as amended, as follows:

Page 2, line 11, delete the new language and reinstate the old language

A roll call was requested and properly seconded.

POINT OF ORDER

Lasley raised a point of order pursuant to rule 3.10 that the Carlson, D., amendment to the Johnson, A., amendment was not in order. Speaker pro tempore Anderson, G., ruled the point of order not well taken and the amendment to the amendment in order.

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

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

There were 53 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Forsythe	Kostohryz	Osthoff	Sparby
Bauerly	Frederick	Lieder	Ozment	Stanius
Bennett	Frerichs	Marsh	Poppenhagen	Sviggum
Bertram	Gruenes	McDonald	Price	Swenson
Bishop	Gutknecht	McKasy	Redalen	Tompkins
Boo	Hartle	McPherson	Rodosovich	Tunheim
Burger	Heap	Munger	Rose	Uphus
Carlson, D.	Jaros	Nelson, C.	Schafer	Wenzel
Clausnitzer	Jennings	Olsen, S.	Scheid	Spk. Vanasek
Dempsey	Johnson, V.	Olson, K.	Schreiber	
DeRaad	Kalis	Omann	Seaberg	

Those who voted in the negative were:

Anderson, G.	Haukoos	Larsen	Onnen	Segal
Battaglia	Himle	Lasley	Orenstein	Shaver
Beard	Hugoson	Long	Otis	Skoglund
Begich	Jacobs	McEachern	Pappas	Steensma
Blatz	Jefferson	McLaughlin	Pauly	Thiede
Brown	Jensen	Milbert	Pelowski	Tjornhom
Carlson, L.	Johnson, A.	Miller	Peterson	Trimble
Carruthers	Johnson, R.	Minne	Quinn	Valento
Clark	Kahn	Morrison	Quist	Vellenga
Cooper	Kelly	Murphy	Reding	Voss
Dauner	Kelso	Nelson, D.	Rest	Wagenius
Dawkins	Kinkel	Nelson, K.	Rice	Waltman
DeBlick	Kludt	Neuenschwander	Richter	Welle
Dille	Knickerbocker	O'Connor	Riveness	Winter
Dorn	Knuth	Ogren	Rukavina	Wynia
Greenfield	Krueger	Olson, E.	Sarna	

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

Kalis moved to amend the Johnson, A., amendment to S. F. No. 1804, as amended, as follows:

Page 2, line 11, delete "an eight" and insert "a seven"

A roll call was requested and properly seconded.

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

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

There were 66 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Jennings	Nelson, C.	Schafer
Anderson, R.	Forsythe	Johnson, V.	Olsen, S.	Scheid
Bauerly	Frederick	Kalis	Olson, E.	Schreiber
Bennett	Frerichs	Knickerbocker	Olson, K.	Seaberg
Bertram	Greenfield	Kostohryz	Omann	Sparby
Bishop	Gruenes	Larsen	Osthoff	Stanius
Boo	Gutknecht	Lieder	Otis	Sviggun
Burger	Hartle	Marsh	Ozment	Swenson
Carlson, D.	Haukoos	McDonald	Poppenhagen	Tompkins
Clausnitzer	Heap	McKasy	Price	Tunheim
DeBlick	Himle	McPherson	Redalen	Uphus
Dempsey	Hugoson	Morrison	Rodosovich	Valento
DeRaad	Jaros	Munger	Rose	Wenzel
				Spk. Vanasek

Those who voted in the negative were:

Battaglia	Jefferson	McEachern	Pappas	Shaver
Beard	Jensen	McLaughlin	Pauly	Skoglund
Begich	Johnson, A.	Milbert	Pelowski	Solberg
Blatz	Johnson, R.	Miller	Peterson	Steensma
Brown	Kahn	Minne	Quinn	Thiede
Carlson, L.	Kelly	Murphy	Quist	Tjornhom
Carruthers	Kelso	Nelson, D.	Reding	Trimble
Clark	Kinkel	Nelson, K.	Rest	Voss
Cooper	Kludt	Neuenschwander	Rice	Wagenius
Dauner	Knuth	O'Connor	Riveness	Waltman
Dawkins	Krueger	Ogren	Rukavina	Welle
Dille	Lasley	Onnen	Sarna	Winter
Jacobs	Long	Orenstein	Segal	Wynia

The motion prevailed and the amendment to the amendment was adopted.

Tjornhom moved to amend the Johnson, A., amendment to S. F. No. 1804, as amended, as follows:

Page 2, after line 35, insert:

"Notwithstanding the provisions of paragraph (3), license plates issued within one year following the effective date of this section for a passenger automobile previously registered in Minnesota shall be issued without a plate fee."

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

The question recurred on the Johnson, A., amendment, as amended, and the roll was called.

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

There were 85 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Frederick	Knickerbocker	Omann	Schreiber
Anderson, R.	Frerichs	Knuth	Osthoff	Seaberg
Bauerly	Greenfield	Kostohryz	Otis	Shaver
Beard	Gruenes	Larsen	Ozment	Solberg
Bennett	Gutknecht	Lieder	Pappas	Sparby
Bertram	Hartle	Marsh	Pauly	Stanisus
Bishop	Haukoos	McDonald	Poppenhagen	Swiggum
Boo	Heap	McEachern	Price	Swenson
Brown	Himle	McPherson	Quinn	Tompkins
Burger	Hugoson	Minne	Quist	Trimble
Carlson, D.	Jacobs	Morrison	Redalen	Tunheim
Clausnitzer	Jaros	Munger	Rice	Uphus
Dawkins	Jennings	Nelson, C.	Rodosovich	Valento
Dempsey	Johnson, V.	O'Connor	Rose	Waltman
DeRaad	Kalis	Olsen, S.	Sarna	Wenzel
Dorn	Kelly	Olson, E.	Schafer	Wynia
Forsythe	Kludt	Olson, K.	Scheid	Spk. Vanasek

Those who voted in the negative were:

Battaglia	Dille	Long	Onnen	Segal
Begich	Jefferson	McKasy	Orenstein	Skoglund
Blatz	Jensen	McLaughlin	Pelowski	Steensma
Carlson, L.	Johnson, A.	Milbert	Peterson	Thiede
Carruthers	Johnson, R.	Miller	Reding	Tjornhom
Clark	Kahn	Murphy	Rest	Voss
Cooper	Kelso	Nelson, D.	Richter	Wagenius
Dauner	Kinkel	Neuenschwander	Riveness	Welle
DeBlick	Lasley	Ogren	Rukavina	Winter

The motion prevailed and the amendment, as amended, was adopted.

Rest moved to amend S. F. No. 1804, as amended, as follows:

Page 6, delete section 9

ReNUMBER the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Olsen, S., and Bauerly moved to amend S. F. No. 1804, as amended, as follows:

Page 1, after line 13, insert:

"ARTICLE 1

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. After July 31, 1985,

(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.

(c) Motor vehicle does not include a ~~three-wheel off-road~~ an all-terrain vehicle as defined in section 84.92, subdivision 8; except ~~that if the three-wheel off-road~~ (1) an all-terrain vehicle described in paragraph (b), or (2) 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.

Sec. 2. Minnesota Statutes 1986, section 168.011, is amended by adding a subdivision to read:

Subd. 35. [LIMOUSINE.] "Limousine" means a passenger automobile for hire, other than a taxicab or a van, that is regularly engaged in the business of transporting persons and that has a rear seating capacity of not more than nine passengers.

Sec. 3. Minnesota Statutes 1986, section 168.12, subdivision 2a, is amended to read:

Subd. 2a. [PERSONALIZED LICENSE PLATES.] Personalized license plates must be issued to an applicant for registration of a passenger automobile, van, or pickup truck, motorcycle, or self-propelled recreational vehicle, upon compliance with the laws of this state relating to registration of the vehicle and upon payment of a one-time fee of \$100 in addition to the registration tax required by law for the vehicle. The registrar shall designate a replacement fee for personalized license plates calculated to cover the cost of replacement. This fee must be paid by the applicant whenever the personalized license plates are required to be replaced by law. In lieu of the numbers assigned as provided in subdivision 1, personalized license plates must have imprinted on them a series of not more than six seven numbers and letters in any combination. When an applicant has once obtained personalized plates, the applicant shall have a prior claim for similar personalized plates in the next succeeding year that plates are issued if application is made for them at least 30 days before the first date that registration can be renewed. The

commissioner of public safety shall adopt rules in the manner provided by chapter 14, regulating the issuance and transfer of personalized license plates. No words or combination of letters placed on personalized license plates may be used for commercial advertising, be of an obscene, indecent, or immoral nature, or be of a nature that would offend public morals or decency. The call signals or letters of a radio or television station are not commercial advertising for the purposes of this subdivision.

Notwithstanding the provisions of subdivision 1, personalized license plates issued under this subdivision may be transferred to another motor vehicle owned or jointly owned by the applicant, upon the payment of a fee of \$5, which must be paid into the state treasury and credited to the highway user tax distribution fund. The registrar may by rule provide a form for notification.

Notwithstanding any law to the contrary, if the personalized license plates are lost, stolen, or destroyed, the applicant may apply and shall receive duplicate license plates bearing the same combination of letters and numbers as the former personalized plates upon the payment of a \$5 fee.

The fee prescribed for personalized license plates must be paid only in those years in which the number plate itself is issued, and must not be payable in a year in which a year plate, tab, or sticker is issued in lieu of a number plate.

Fees from the sale of permanent and duplicate personalized license plates must be paid into the state treasury and credited to the highway user tax distribution fund.

Sec. 4. [168.123] [VETERANS; SPECIAL LICENSE PLATE.]

Subdivision 1. [GENERAL REQUIREMENTS; FEES.] The registrar shall issue special license plates to an applicant who served in the active military service in a branch of the armed forces of the United States, was discharged under honorable conditions, and is an owner or joint owner of a motor vehicle included within the definition of a passenger automobile, on payment of a fee of \$10 for each set of two plates, payment of the registration tax required by law, and compliance with other laws relating to registration and licensing of motor vehicles and drivers. The additional fee of \$10 is payable for each set of plates, is payable only when the plates are issued, and is not payable in a year in which tabs or stickers are issued instead of number plates. An applicant must not be issued more than two sets of plates for vehicles owned or jointly owned by the applicant.

The veteran shall have a certified copy of the veteran's discharge papers, indicating character of discharge, at the time of application.

Subd. 2. [DESIGN.] The commissioner of veterans affairs shall design the special plates, subject to the approval of the registrar, that satisfy the following requirements:

(a) For a Vietnam veteran who served after July 1, 1961, and before July 1, 1978, the special plates must bear the inscription "VIETNAM VET" and the letters "V" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(b) For a veteran stationed on the island of Oahu, Hawaii, or offshore, during the attack on Pearl Harbor on December 7, 1941, the special plates must bear the inscription "PEARL HARBOR SURVIVOR" and the letters "P" and "H" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

(c) For a veteran who served during World War I or World War II, the special plates must bear the inscription "WORLD WAR VET" and:

(1) for a World War I veteran, the characters "W" and "I" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number; or

(2) for a World War II veteran, the characters "W" and "II" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number.

(d) For a veteran who served during the Korean Conflict, the special plates must bear the inscription "KOREAN VET" and the letters "K" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.

Subd. 3. [NUMBER ESTIMATED.] The commissioner of veterans affairs shall estimate the number of special plates that will be required and submit the estimate to the registrar.

Subd. 4. [PLATE TRANSFERS.] On payment of a fee of \$5, plates issued under this section may be transferred to another motor vehicle owned or jointly owned by the person to whom the plates were issued.

Subd. 5. [FEES CREDITED.] Fees collected under this section must be paid into the state treasury and credited to the highway user tax distribution fund.

Subd. 6. [RULES.] The registrar may adopt rules under the administrative procedure act to govern the issuance and use of the special plates authorized by this section.

Sec. 5. Minnesota Statutes 1986, section 168.125, is amended to read:

168.125 [SPECIAL LICENSE PLATES FOR FORMER PRISONERS OF WAR.]

Subdivision 1. [SPECIAL PLATES; APPLICATION; FEE; TRANSFER ISSUANCE AND DESIGN.] The registrar shall issue special license plates bearing the inscription "EX-POW" to any applicant who is both a former prisoner of war and an owner or joint owner of a motor vehicle upon the applicant's compliance with all the laws of this state relating to the registration and licensing of motor vehicles and drivers. The special license plates shall be of a design and size to be determined by the commissioner. Plates bearing the "EX-POW" inscription may be issued for only one motor vehicle per applicant.

Application for issuance of these plates shall be made at the time of renewal or first application for registration. The application shall include a certification by the commissioner of veterans affairs that the applicant was a member of the military forces of the United States who was captured, separated, and incarcerated by an enemy of the United States during a period of armed conflict.

The applicant shall pay, in addition to the registration tax required by law, a fee of \$10 for the special license plates issued under this section, in an amount calculated by the commissioner to cover the cost of the license plates. The additional fee is payable only when the plates are issued and no additional fee is payable in any year in which tabs or stickers are issued in lieu of number plates. All fees from the sale of the special license plates shall be paid into the state treasury and credited to the highway user tax distribution fund.

Notwithstanding the provisions of section 168.12, subdivision 1, the special license plates issued under this section may be transferred to another motor vehicle owned or jointly owned by the former prisoner of war upon the payment of a fee of \$5. This fee shall be paid into the state treasury and credited to the highway user tax distribution fund.

For purposes of this section, "motor vehicle" means a passenger automobile, station wagon, pickup truck, motorcycle, or recreational vehicle.

Subd. 2. [SPECIAL PLATE PLATES; EX-POW AND HANDI-

CAPPED INSIGNIA.] The registrar shall issue special license plates bearing both the "EX-POW" and handicapped insignia to any applicant who is entitled to the special license plates provided under this section and who is also entitled to special license plates for the physically handicapped under section 168.021 upon compliance with the provisions of both sections. The special license plates shall be of a design and size to be determined by the commissioner.

Subd. 3. [RULES; COMMISSIONER OF PUBLIC SAFETY.] The commissioner of public safety may promulgate by rule, in accordance with the provisions of chapter 15 14, the procedures for issuance or transfer of the special license plates authorized under this section.

Subd. 4. [RULES; COMMISSIONER OF VETERANS AFFAIRS.] The commissioner of veterans affairs shall ~~promulgate by rule, in accordance with the provisions of chapter 14,~~ establish the procedure for obtaining the certification of former prisoner of war status.

Subd. 5. [SAVINGS PROVISION.] Nothing in this section shall alter the exemption for disabled war veterans provided for in section 168.031.

Sec. 6. [168.1261] [LIMOUSINE; LICENSE PLATES.]

Subdivision 1. [UNIQUE REGISTRATION CATEGORY.] A unique vehicle registration category is established for limousines as defined in section 2.

Subd. 2. [LICENSE PLATES.] The registrar shall issue limousine license plates upon the applicant's compliance with laws relating to registration and licensing of motor vehicles and drivers. The applicant must provide the registrar with proof that the passenger automobile license tax and a \$10 fee have been paid for each limousine receiving limousine license plates. The limousine license plates must be designed to specifically identify the vehicle as a limousine. Limousine license plates may not be transferred upon sale of the limousine, but may be transferred to another limousine owned by the same person upon notifying the registrar and paying a \$5 transfer fee.

Subd. 3. [INSURANCE.] The application must include a certificate of insurance verifying that a valid commercial insurance policy is in effect and giving the name of the insurance company and the number of the insurance policy. The policy must provide stated limits of liability, exclusive of interest and costs, with respect to each vehicle for which coverage is granted, of not less than \$100,000 because of bodily injury to one person in any one accident and, subject to said limit for one person, of not less than \$300,000 because of injury to two or more persons in any one accident. The insurance company must notify the commissioner if the policy is canceled or if

the policy no longer provides the coverage required by this subdivision.

Sec. 7. Minnesota Statutes 1986, section 169.145, is amended to read:

169.145 [IMPLEMENTS OF HUSBANDRY; SPEED; PENALTY.]

No person shall drive a self-propelled implement of husbandry, nor shall any person tow a self-propelled implement of husbandry, nor shall any person tow a farm trailer not equipped with brakes and exceeding 6,000 pounds, at a speed in excess of 30 miles per hour. Violation of this section is a misdemeanor.

Sec. 8. Minnesota Statutes 1987 Supplement, section 169.345, subdivision 2a, is amended to read:

Subd. 2a. [PHYSICIAN'S STATEMENT.] The commissioner shall develop a form for the physician's statement. The statement must be signed by a licensed physician who certifies that the applicant is a physically handicapped person as defined in subdivision 2. The commissioner may request additional information from the physician if needed to verify the applicant's eligibility. The physician's statement must specify whether the disability is permanent or temporary, and if temporary, the opinion of the physician as to the duration of the disability. A physician who fraudulently certifies to the commissioner that a person is a physically handicapped person as defined in subdivision 2, and that the person is entitled to the license plates authorized by section 168.021 or to the certificate authorized by this section, is guilty of a misdemeanor and is subject to a fine of \$500.

The form must include a notice to the effect that a copy of the form as signed and submitted confers the same privileges as the identifying certificate for a period of 14 days after the date of signing.

Sec. 9. Minnesota Statutes 1987 Supplement, section 169.345, subdivision 3, is amended to read:

Subd. 3. [IDENTIFYING CERTIFICATE.] (a) The division of driver and vehicle services in the department of public safety shall issue a special identifying certificate for a motor vehicle when a physically handicapped applicant submits a physician's statement. The commissioner shall design separate certificates for persons with permanent and temporary disabilities that can be readily distinguished from each other from outside a vehicle at a distance of 25 feet. The certificate is valid for the duration of the person's disability, as specified in the physician's statement, up to a maximum of six years. A person with a disability of longer duration will be required to renew the certificate for additional periods of time, up to six years

each, as specified in the physician's statement.

(b) When the commissioner is satisfied that a motor vehicle is used primarily for the purpose of transporting physically handicapped persons, the division may issue without charge a special identifying certificate for the vehicle. The operator of a vehicle displaying the certificate has the parking privileges provided in subdivision 1 while the vehicle is in use for transporting physically handicapped persons. The certificate issued to a person transporting physically handicapped persons must be renewed every third year. On application and renewal, the person must present evidence that the vehicle continues to be used for transporting physically handicapped persons.

(c) A certificate must be made of plastic or similar durable material, must be distinct from certificates issued before January 1, 1988, and must bear its expiration date prominently on its face. A certificate issued to a temporarily disabled person must display the date of expiration of the duration of the disability, as determined under paragraph (a). Each certificate must have printed on the back a summary of the parking privileges and restrictions that apply to each vehicle in which it is used. The commissioner may charge a fee of \$5 for issuance or renewal of a certificate, and a fee of \$5 for a duplicate to replace a lost, stolen, or damaged certificate.

(d) A copy of a physician's statement submitted under paragraph (a), when prominently displayed in the manner prescribed in subdivision 1, entitles the person submitting the statement the same privileges under subdivision 1 as an identifying certificate, for a period of 14 days after the date on which the statement was signed by the physician.

Sec. 10. Minnesota Statutes 1986, section 169.67, subdivision 3, is amended to read:

Subd. 3. [TRAILERS, SEMITRAILERS, TANK TRAILERS.] Every trailer, semitrailer, or other vehicle of a gross weight of 1,500 pounds or more, when drawn or pulled upon a highway, shall be equipped with brakes adequate to control the movement of and to stop and to hold such vehicle, and so designed as to be applied by the driver of a towing motor vehicle from its cab, except (a) trailers owned by farmers when transporting agricultural products produced on the owner's farm or supplies back to the farm of the owner of the trailer, (b) custom service vehicles drawn by motor vehicles equipped with brakes capable of stopping both vehicles within the distance required by law for vehicles with four-wheel brakes and contractors' custom service vehicles not exceeding 30,000 pounds gross weight and 45 miles per hour when drawn by a motor vehicle capable of stopping the combination within the performance standards of subdivision 5, (c) trailers or semitrailers when used by retail dealers delivering implements of husbandry, (d) motor vehicles drawn by

motor vehicles equipped with brakes capable of stopping the combination of vehicles within the performance requirements of this section, (e) tank trailers not exceeding 8,500 pounds gross weight used solely for transporting liquid fertilizer or gaseous fertilizer under pressure, or distributor trailers not exceeding 8,500 pounds gross weight used solely for transporting and distributing dry fertilizer, when hauled by a truck capable of stopping with loaded trailer attached in the distance specified by subdivision 5 for vehicles equipped with four-wheel brakes, providing the gross weight of such trailer or semitrailer other than those described in clause (e) when drawn by a pleasure vehicle shall not exceed 3,000 pounds, or when drawn by a truck or tractor shall not exceed 6,000 pounds, or may exceed 6,000 pounds but not exceed 15,000 pounds for a trailer described in clause (a) when drawn by a truck or tractor at a speed not exceeding 30 miles per hour, and except disabled vehicles towed to a place of repair.

Sec. 11. Minnesota Statutes 1986, section 169.67, subdivision 4, is amended to read:

Subd. 4. [SERVICE BRAKES ON ALL WHEELS; EXCEPTIONS.] Every ~~new~~ motor vehicle, trailer, or semitrailer, ~~sold in this state~~ manufactured after June 30, 1988, and operated upon the highways shall be equipped with service brakes upon all wheels of every such vehicle, except mobile cranes not exceeding 45 miles per hour and capable of stopping within the performance standards of subdivision 5, and except that any motorcycle, any semitrailer of less than 1,500 pounds gross weight, a third wheel, of a swivel type, on a house trailer, a temporary auxiliary axle attached to a motor vehicle during the period of road restrictions for the purpose of relieving weight of another axle, when the temporary auxiliary axle and the axle to be relieved do not exceed the combined gross weight of 18,000 pounds, and the vehicle to which such temporary axle is attached meets the brake requirements of this section, need not be equipped with brakes; and except, further, that brakes are not required on the front wheels of vehicles manufactured before July 1, 1988, having three or more axles or upon more than one wheel of a motorcycle provided the brakes on the other wheels are adequate to stop the vehicle in accordance with the braking performance requirements of subdivision 5.

Sec. 12. Minnesota Statutes 1986, section 169.71, subdivision 4, is amended to read:

Subd. 4. No person shall drive or operate any motor vehicle required to be registered in the state of Minnesota upon any street or highway under the following conditions:

(a) when the windshield is composed of, covered by, or treated with any material which has the effect of making the windshield more reflective or in any other way reducing light transmittance through the windshield;

(b) when any window on the vehicle is composed of, covered by, or treated with any material that has a highly reflective or mirrored appearance;

(c) when any side window or rear window is composed of or treated with any material so as to obstruct or substantially reduce the driver's clear view through the window or has a light transmittance of less than 50 percent plus or minus three percent in the visible light range or a luminous reflectance of more than 20 percent plus or minus three percent; or

(d) when any material has been applied after August 1, 1985, to any motor vehicle window without an accompanying permanent marking which indicates the percent of transmittance and the percent of reflectance afforded by the material. The marking must be in a manner so as not to obscure vision and be readable when installed on the vehicle.

This subdivision does not apply to glazing materials which:

(a) have not been modified since the original installation, nor to original replacement windows and windshields, that were originally installed or replaced in conformance with Federal Motor Vehicle Safety Standard 205;

(b) ~~were~~ are required to satisfy prescription needs of the driver of the vehicle ~~and if the driver is in possession of such~~ the prescription; or

(c) ~~were~~ are applied to:

(1) the rear windows of a pickup truck as defined in section 168.011, subdivision 29; ~~or to;~~

(2) the rear windows or the side windows on either side behind the driver's seat of a van as defined in section 168.011, subdivision 28; ~~or;~~

(3) the side and rear windows of any a vehicle used to transport human remains by a funeral establishments establishment holding a permit under the provisions of section 149.08; or

(4) the side and rear windows of a limousine as defined in section 2.

Sec. 13. Minnesota Statutes 1986, section 169.82, is amended to read:

169.82 [TRAILER EQUIPMENT.]

Except as provided in section 169.67, any trailer exceeding a gross weight of 6,000 pounds shall be equipped with brakes adequate to stop and hold such trailer, and which are so constructed that they will so operate whenever such trailer becomes detached from the towing vehicle.

When one vehicle is towing another the drawbar or other connection shall be of sufficient strength to pull all weight towed thereby, and said drawbar or other connection shall not exceed 15 feet from one vehicle to the other except the connection between any two vehicles transporting poles, pipe, machinery or other objects of structural nature which cannot readily be dismembered.

When one vehicle is towing another and the connection consists of a chain, rope, or cable, there shall be displayed upon such connection a white, red, yellow or orange flag or cloth not less than 12 inches square.

Every trailer or semitrailer shall be hitched to the motor vehicles furnishing the tractive power for it by a device approved by the commissioner of public safety as safe and in addition shall be equipped with safety chains permanently attached to the trailer except that where the coupling device is a regulation fifth wheel and king pin assembly approved by the commissioner of public safety such safety chains shall not be required. In towing, such chains shall be carried through a ring on the towbar and attached to the towing vehicle, and shall be of sufficient strength to control the trailer in event of failure of the towing device.

No person may be charged with a violation of this section solely by reason of violating a maximum speed prescribed in section 169.145 or 169.67.

Sec. 14. Minnesota Statutes 1986, section 173.085, is amended to read:

173.085 [STAR CITY SIGNS.]

Subdivision 1. [AUTHORITY TO ERECT.] (a) A county or lesser populated statutory or home rule charter city of Minnesota that has received instruction and expertise from the department of energy and economic development on attracting and retaining businesses for the county or city and subsequently has been designated and annually recertified as a star county or star city for economic development by that department may erect star county or star city signs upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. In the case of star cities, one sign may be erected at each approach to the city within the right-of-way of an interstate or other highway that passes inside the city limits. In the case of star counties, one sign may be erected within the right-of-way of an interstate or other highway at or near

the point where the highway enters the county.

(b) Notwithstanding the provisions of paragraph (a), a lesser populated statutory or home rule charter city that has an official sign in an adjacent area of an approach of an interstate highway passing through or near the city as of August 1, 1985 may replace that sign with a star city sign upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. A county that has an official sign on the right-of-way or adjacent area of an interstate highway at the point where the highway enters the county may replace that sign with a star county sign on payment of a fee required under section 173.13, subdivision 4, to the department of transportation.

Subd. 2. [SIGN STANDARDS.] The department of transportation shall design and manufacture the star county and star city sign signs to specifications not contrary to other federal and state highway sign standards and substantially similar to those star city signs approved for display on state highways as of August 1, 1985.

Sec. 15. Minnesota Statutes 1986, section 297B.02; subdivision 2, is amended to read:

Subd. 2. [IN LIEU TAX FOR OLDER PASSENGER AUTOMOBILES.] In lieu of the tax imposed in subdivision 1, there is imposed a tax of \$10 on the purchase price of any passenger automobile described in section 297B.025, subdivision 1.

Sec. 16. Minnesota Statutes 1986, section 297B.02, is amended by adding a subdivision to read:

Subd. 3. [IN LIEU FOR COLLECTOR VEHICLES.] In lieu of the tax imposed in subdivision 1, there is imposed a tax of \$90 on the purchase price of a passenger automobile described in section 297B.025, subdivision 2.

Sec. 17. Minnesota Statutes 1986, section 297B.025, is amended to read:

297B.025 [OLDER PASSENGER AUTOMOBILES.]

Subdivision 1. [NONCOLLECTOR VEHICLES.] Purchase or use of a passenger automobile as defined in section 168.011, subdivision 7, shall be taxed pursuant to section 297B.02, subdivision 2, if the passenger automobile is (1) in the tenth or subsequent year of vehicle life, (2) is currently registered in Minnesota other than registration under section 168.10, subdivisions 1a, 1b, 1c, and 1d, and (3) (2) is not an above-market automobile as designated by the registrar of motor vehicles.

The registrar of motor vehicles shall prepare, and distribute to all deputy motor vehicle registrars by July 15, 1985, a listing by make, model, and year of above-market automobiles. Except as provided by subdivision 2, the registrar must include in the list all automobiles with a resale value of \$3,000 or more, as determined using nationally recognized sources of information on automobile resale values. The registrar shall revise the list by February 1 of each year. The initial list and all subsequent revisions must include only those automobiles which are in the tenth or subsequent year of vehicle life.

Subd. 2. [COLLECTOR VEHICLES.] A passenger automobile that is currently registered under section 168.10, subdivisions 1a, 1b, 1c, and 1d, shall be taxed under section 297B.02, subdivision 3, and the registrar shall not designate as an above-market automobile a passenger automobile registered under those subdivisions.

Sec. 18. [EFFECTIVE DATE.]

Sections 1 and 3 are effective the day following final enactment. Sections 7, 9 to 11, and 13 are effective July 1, 1988. Sections 15 to 17 are effective for a sale or transfer occurring after July 30, 1988.

ARTICLE 2"

Correct internal references

Renumber the remaining sections

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Bennett moved to amend S. F. No. 1804, as amended, as follows:

Page 4, after line 25, insert:

"Sec. 6. Minnesota Statutes 1986, section 168.12, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL FEE.] In addition to any fee otherwise authorized or any tax otherwise imposed upon any motor vehicle, the payment of which is required as a condition to the issuance of any number license plate or plates, the commissioner of public safety may impose a fee of \$2 for a license plate for a motorcycle, motorized bicycle, or motorized sidecar, and ~~\$3~~ \$2 for license plates, other than license plates issued pursuant to section 168.27, subdivisions 16 and 17, for passenger automobiles; ~~provided that no fee is required for plates issued within one calendar year before a general~~

reissuance of plates under subdivision 1. Graphic design license plates shall only be issued for vehicles registered pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013, subdivision 1g."

Renumber the remaining sections

The motion prevailed and the amendment was adopted.

S. F. No. 1804, A bill for an act relating to motor vehicles; providing for registration of motor vehicles by long-term lessees; imposing a fee; amending Minnesota Statutes 1986, sections 168.011, by adding a subdivision; 168.013, subdivisions 2 and 7; 168.041, subdivision 7; 168.10, subdivision 1; 168.11, subdivision 1; 168.13; 168.33, subdivision 3; and 168A.10, by adding a subdivision; repealing Minnesota Statutes 1986, section 168.30.

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

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

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

There were 96 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Forsythe	Kludt	Onnen	Seaberg
Anderson, R.	Frederick	Knickerbocker	Osthoff	Segal
Battaglia	Frerichs	Knuth	Otis	Shaver
Bauerly	Greenfield	Kostohryz	Ozment	Solberg
Bennett	Gruenes	Krueger	Pappas	Sparby
Bertram	Gutknecht	Larsen	Pauly	Stanius
Bishop	Hartle	Lasley	Poppenhagen	Steensma
Boo	Haukoos	Lieder	Price	Sviggum
Brown	Heap	Marsh	Quinn	Swenson
Burger	Himle	McDonald	Quist	Thiede
Carlson, D.	Hugoson	McPherson	Redalen	Tompkins
Carlson, L.	Jacobs	Morrison	Reding	Trimble
Clausnitzer	Jaros	Munger	Rice	Tunheim
Cooper	Jefferson	Nelson, C.	Riveness	Uphus
Dawkins	Jennings	Nelson, K.	Rodosovich	Valento
DeBlieck	Johnson, A.	Olsen, S.	Rose	Waltman
Dempsey	Johnson, V.	Olson, E.	Schafer	Wenzel
DeRaad	Kalis	Olson, K.	Scheid	Winter
Dorn	Kelly	Omann	Schreiber	Wynia
				Spk. Vanasek

Those who voted in the negative were:

Beard	Blatz	Clark	Dille	Johnson, R.
Begich	Carruthers	Dauner	Jensen	Kahn

Kelso	McLaughlin	Nelson, D.	Pelowski	Sarna
Kinkel	Milbert	Neuenschwander	Peterson	Tjornhom
Long	Miller	O'Connor	Rest	Voss
McEachern	Minne	Ogren	Richter	Wagenius
McKasy	Murphy	Orenstein	Rukavina	Welle

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

S. F. No. 1956 was reported to the House.

Scheid moved to amend S. F. No. 1956, as follows:

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. 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. 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. 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 install-

ments" 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 any 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 association has its principal office. An ordinal number may be used together with another descriptive word, preceding the words "savings association" or "savings and loan association," provided the other descriptive word has not been used in the corporate name of any other association in the state, in which case the suffix mentioned above is not required to be used. An ordinal number may be used, together with another descriptive word, preceding the words "savings association" or "savings and loan association," even when such other descriptive word has been used in the corporate name of an association in the state, provided the suffix "of as provided above, is also used. The suffix provided above may be used in any corporate name. The use of the words, "national," "federal," "United States," "insured," "guaranteed," or any form thereof, separately or in any combination thereof with other words or syllables, is prohibited as part of the corporate name of an association. No certificate of incorporation of a proposed association having the same name as a corporation authorized to do business under the laws of this state or a name so nearly resembling it as to be likely to deceive shall be issued by the commissioner, except to an association formed by the reincorporation, reorganization, or consolidation of the association with other associations, or upon the sale of the property or franchise of an association. Any association in existence at the time of the adoption of sections 51A.01 to 51A.57 may continue to operate under its existing name.

Sec. 8. Minnesota Statutes 1986, section 51A.05, is amended by adding a subdivision to read:

Subd. 3a. [OFFICES.] The association shall obtain approval from the commissioner prior to opening a branch office. The association

shall notify the commissioner of the location of its home office and branch offices, which shall not be changed or closed without prior written notice to the commissioner. The association may, however, operate other business facilities not constituting branch offices such as automated teller machines and loan production offices without providing notice under this subdivision.

Sec. 9. Minnesota Statutes 1986, section 51A.06, subdivision 3, is amended to read:

Subd. 3. [LIMITATION.] No conversion of an association ~~or a federal association~~, direct or indirect, shall be permitted except as specifically authorized by sections 51A.01 to 51A.57 or other provision of the Minnesota Statutes.

Sec. 10. Minnesota Statutes 1986, section 51A.065, subdivision 1, is amended to read:

Subdivision 1. [TYPES OF CONVERSIONS.] Any ~~state mutual or capital stock association, state capital stock association, federal mutual savings and loan association or federal capital stock savings 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 ~~savings 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 compen-

sation 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(c) 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) ~~(b)~~ 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) (c) 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."

The motion prevailed and the amendment was adopted.

CALL OF THE HOUSE LIFTED

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

Scheid moved to amend S. F. No. 1956, as amended, as follows:

Page 7, line 29, strike "thrift institution" and insert "savings association"

Page 7, line 30, after the second comma insert "or" and strike "or"

Page 7, line 31, strike "investment company"

Page 12, lines 22 and 23, delete "consistent with the safety and soundness of the association"

Page 17, line 25, before "Any" insert "The use of the words 'national,' 'federal,' or 'United States,' or any form of these words, separately or in any combination with other words or syllables, is prohibited as part of the corporate name of an association."

Page 17, line 31, after "commissioner" insert "pursuant to rules"

Page 17, line 32, delete "notify the commissioner of the location of its"

Page 17 delete line 33

Page 17, line 34, delete "closed without prior written notice to" and insert "not change the location of any branch office without prior written approval of"

Page 17, line 36, delete "such as" and insert "as defined in section 51A.02, subdivision 8, including"

Page 18, line 1, delete "without" and insert "upon"

Page 28, line 15, reinstate everything after the stricken period

Page 28, lines 16 to 18, reinstate the stricken text

Page 28, line 19, reinstate "federal home loan banks."

Page 29, line 10, delete "in land and improvements"

Page 32, line 9, before "To" insert "Upon application and approval by the commissioner,"

Page 45, line 16, after "made" insert "and contracts purchased"

Page 46, line 13, delete "If a finance charge is"

Page 46, delete lines 14 to 18 and insert "If the 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 to the extent the charge would exceed the annual percentage rate on the contract as originally determined under paragraph (d) and taking into account the prepayment. For the purpose of calculating the refund, the association may assume that the contract was paid before the date of prepayment according to the schedule of payments under the contract and that all payments were paid on their due dates. For contracts repayable in substantially equal successive monthly installments, the association may calculate the refund as the portion of the finance charge allocable to all unexpired payment periods following the date of prepayment, based on the annual percentage rate on the contract as originally determined under paragraph (d), and for the purpose of calculating the refund may assume that all payments are made on the due date."

Page 46, line 32, delete "made pursuant to"

Page 46, line 33, delete "open-end credit"

Page 47, line 9, after the period insert "With respect to a loan secured by real estate, including a real estate loan,"

Page 47, line 15, after the period insert "With respect to all other loans, if the 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 the charge would exceed the annual percentage rate on the loan as originally determined under paragraph (a) and taking into account the prepayment. For the purpose of calculating the refund under this subdivision, the association may assume that the contract was paid before the date of prepayment according to the schedule of payments under the loan and that all payments were paid on their due dates. For loans repayable in substantially equal successive monthly installments, the association may calculate the refund under this subdivision as the portion of the finance charge allocable to all unexpired payment periods following the date of prepayment, based on the annual percentage rate on the loan as originally determined under para-"

graph (a), and for the purpose of calculating the refund may assume that all payments are made on the due date."

Page 47, line 25, delete "borrower" and insert "organization"

Page 47, line 26, delete "the"

Page 47, line 27, delete "borrower" and insert "that organization"

Page 52, line 6, delete "provide" and insert "sell, as an agent,"

Page 52, line 12, after "insurance" insert "nor does it authorize an association to underwrite insurance"

Page 52, line 29, delete "loan"

Page 53, line 5, delete "3, 5," and after "10," insert "paragraph (b),"

Amend the title as follows:

Page 1, line 10, delete everything after the semicolon

Page 1, delete lines 11 and 12

Page 1, line 13, delete "Minnesota;"

The motion prevailed and the amendment was adopted.

S. F. No. 1956, 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; 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.

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 129 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Quinn

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

The Speaker resumed the Chair.

Wynia moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued one day. The motion prevailed.

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

REPORTS OF STANDING COMMITTEES

Wynia from the Committee on Rules and Legislative Administration to which was referred:

House Concurrent Resolution No. 27, A House concurrent resolution relating to the governor's item veto power; clarifying the effect of the governor's veto of H.F. No. 243, article 2, section 157, enacted by the 1987 legislature.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Wynia from the Committee on Rules and Legislative Administration to which was referred:

House Resolution No. 57, A House resolution supporting the right of peaceful protest; condemning violent protest; condemning deployment of United States troops to Honduras; urging withdrawal of troops from Honduras.

Reported the same back with the following amendments:

Delete page 1, line 21 to page 2, line 7

Page 2, line 20, after the comma insert "and"

Page 2, line 21, delete everything after "to" and insert "safeguard the peace process in Central America by honoring the Central American Peace Accords."

Page 2, delete lines 22 to 24

Amend the title as follows:

Page 1, lines 4 and 5, delete "; urging withdrawal of troops from Honduras"

With the recommendation that when so amended the resolution be adopted.

The report was adopted.

MOTIONS AND RESOLUTIONS

Tunheim moved that the names of Kelso, Dauner, Pelowski and Cooper be added as authors on H. F. No. 2286. The motion prevailed.

House Resolution No. 57 was reported to the House.

Dawkins moved that House Resolution No. 57 be laid on the table. The motion prevailed.

House Concurrent Resolution No. 27 was reported to the House.

Wynia moved that House Concurrent Resolution No. 27 be now adopted.

HOUSE CONCURRENT RESOLUTION NO. 27

A House concurrent resolution relating to the governor's item veto power; clarifying the effect of the governor's veto of H.F. No. 243, article 2, section 157, enacted by the 1987 legislature.

Whereas, the Minnesota Constitution, article IV, section 23, authorizes the governor to veto an item of appropriation of money when he signs a bill containing several items of appropriation of money; and

Whereas, when Governor Rudy Perpich signed H.F. No. 243 following the 1987 regular session of the 75th Legislature, he appended to it a statement that he was vetoing article 2, section 157, which contained an appropriation of oil overcharge money received from the federal government; and

Whereas, section 157 of H.F. No. 243 contains provisions which are not items of appropriation, but rather restrict the authority to expend oil overcharge moneys and direct development of spending plans for the expenditure of oil overcharge moneys;

Whereas, the governor's veto message purports to invalidate and veto section 157 in its entirety, including the portions that are not items of appropriation;

Whereas, silence by the Legislature on the Governor's purported

veto of subdivision 3 might wrongly be construed as acceptance of a governor's power to veto items that are not appropriations of money; *Now, Therefore,*

Be It Resolved by the Minnesota House of Representatives, the Senate concurring, that notwithstanding the governor's veto, the provisions of section 157 that do not consist of items authorizing expenditure of money out of the state treasury are effective and the law of the state of Minnesota until repealed or modified by an action of the legislature under article IV of the constitution.

Be It Further Resolved, the chief clerk of the House of Representatives shall transmit enrolled copies of this resolution to Governor Rudy Perpich and to the Secretary of State to be filed with the enrolled copy of H.F. No. 243, Laws 1987, chapter 403.

The question was taken on the Wynia motion and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Beigich Osthoff

The motion prevailed and House Concurrent Resolution No. 27 was adopted.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, April 19, 1988. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, April 19, 1988.

EDWARD A. BURDICK, Chief Clerk, House of Representatives