

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

THIRTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 24, 1989

The House of Representatives convened at 2:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by Monsignor James D. Habiger, House Chaplain.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abrams	Frerichs	Krueger	Omann	Schreiber
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Skoglund
Bauerly	Hartle	Long	Ostrom	Solberg
Beard	Hasskamp	Lynch	Otis	Sparby
Begich	Haukoos	Macklin	Ozment	Stanius
Bennett	Heap	Marsh	Pappas	Steensma
Bertram	Henry	McDonald	Pauly	Sviggum
Bishop	Himle	McEachern	Pellow	Tjornhom
Blatz	Hugoson	McGuire	Pelowski	Tompkins
Boo	Jacobs	McLaughlin	Peterson	Trimble
Brown	Janezich	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Pugh	Valento
Carlson, L.	Jennings	Morrison	Redalen	Vellenga
Carruthers	Johnson, A.	Munger	Reding	Wagenius
Clark	Johnson, R.	Murphy	Rest	Waltman
Conway	Johnson, V.	Nelson, C.	Rice	Weaver
Cooper	Kahn	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olsen, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	

A quorum was present.

Gutknecht, Quinn and Swenson were excused.

Dille was excused until 3:10 p.m. Simoneau was excused until 5:00 p.m.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 390, 982, 146, 643, 839, 962, 1258, 1336, 1379, 1446, 1463, 996, 557, 831, 1472 and 1440 and S. F. Nos. 535, 851, 1016, 321, 624, 1106, 1270, 119, 695, 1082, 665, 738, 827, 280, 391, 184, 829, 206 and 701 have been placed in the members' files.

S. F. No. 827 and H. F. No. 833, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Williams moved that S. F. No. 827 be substituted for H. F. No. 833 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1270 and H. F. No. 1460, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Beard moved that S. F. No. 1270 be substituted for H. F. No. 1460 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 695 and H. F. No. 643, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McEachern moved that the rules be so far suspended that S. F. No. 695 be substituted for H. F. No. 643 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Kelly from the Committee on Judiciary to which was referred:

H. F. No. 260, A bill for an act relating to employment; providing

for employee review of personnel records; regulating use of personnel records; requiring removal or correction of false information; limiting records of nonemployment activities; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 181.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [181.960] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of sections 1 to 7, the following terms have the meanings given in this section.

Subd. 2. [EMPLOYEE.] "Employee" means a person who performs services for hire for an employer, provided that the services have been performed predominately within this state, and includes current and former employees. The term does not include an independent contractor.

Subd. 3. [EMPLOYER.] "Employer" means a person who has 20 or more employees. The term does not include a state agency, state-wide system, political subdivision, or advisory board or commission that is subject to chapter 13.

Subd. 4. [PERSONNEL RECORD.] "Personnel record," to the extent maintained by an employer, means: any application for employment; wage or salary history; notices of commendation, warning, or discipline; authorization for a deduction or withholding of pay; fringe benefit information; leave records; and employment history with the employer, including salary history, job titles, dates of changes, attendance records, performance evaluations, and retirement record. The term does not include:

(1) written references respecting the employee, including letters of reference supplied to an employer by another person;

(2) information relating to the investigation of a violation of a criminal or civil statute by an employee or an investigation of employee conduct for which the employer may be liable;

(3) education records, pursuant to section 513(a) of title 5 of the Family Educational Rights and Privacy Act of 1974, United States

Code, title 20, section 1232g, that are maintained by an educational institution and directly related to a student;

(4) results of employer testing, except that the employee may see a cumulative total test score for a section of the test or for the entire test;

(5) information relating to the employer's salary system and staff planning, including comments, judgments, recommendations, or ratings concerning expansion, downsizing, reorganization, job restructuring, future compensation plans, promotion plans, and job assignments;

(6) written comments or data of a personal nature about a person other than the employee, if disclosure of the information would constitute an intrusion upon the other person's privacy;

(7) information kept by the employee's supervisor or an executive, administrative, or professional employee, provided the information has been kept in the possession of the maker of the record;

(8) privileged information or information that is not discoverable in a workers' compensation, grievance arbitration, administrative, judicial, or quasi-judicial proceeding;

(9) any portion of a written statement by a co-worker of the employee that concerns the job performance or job-related misconduct of the employee that discloses the identity of the co-worker by name, inference, or otherwise; and

(10) medical reports and records, including reports and records that are available to the employee from a health care services provider under section 144.335.

Sec. 2. [181.961] [REVIEW OF PERSONNEL RECORD BY EMPLOYEE.]

Subdivision 1. [RIGHT TO REVIEW; FREQUENCY.] Upon written request by an employee, the employer shall provide the employee with an opportunity to review the employee's personnel record. An employer is not required to provide an employee with an opportunity to review the employee's personnel record if the employee has reviewed the personnel record during the previous six months.

Subd. 2. [TIME; LOCATION; CONDITION.] The employer shall comply with a written request under subdivision 1 no later than seven working days after receipt of the request if the personnel record is located in this state, or no later than 14 working days after receipt of the request if the personnel record is located outside this

state. The personnel record or an accurate copy must be made available for review by the employee during the employer's normal hours of operation at the employee's place of employment or other reasonably nearby location, but need not be made available during the employee's working hours. The employer may require that the review be made in the presence of the employer or the employer's designee. Upon the employee's request, the employer shall provide a copy of the record to the employee. An employer may not charge a fee for providing copies that exceeds the actual cost of making and compiling the copies.

Subd. 3. [GOOD FAITH.] The employer may deny access to an employee record if the request is not made in good faith.

Sec. 3. [181.962] [REMOVAL OR REVISION OF INFORMATION.]

Subdivision 1. [AGREEMENT; FAILURE TO AGREE; COPY; POSITION STATEMENT.] (a) If an employee disputes specific information contained in the employee's personnel record, the employer and the employee may agree to remove or revise the disputed information. If an agreement is not reached the employee may submit a written statement specifically identifying the disputed information and explaining the employee's position.

(b) The employee's position statement may not exceed five written pages. The position statement must be included along with the disputed information for as long as that information is maintained in the employee's personnel record. A copy of the position statement must also be provided to any other person who receives a copy of the disputed information from the employer after the position statement is submitted.

Subd. 2. [DEFAMATION ACTION PROHIBITED.] No communication by the employee of information obtained through a review of the employee's personnel record may be made the subject of any action by the employee for libel, slander, or defamation, unless the employee requests that the employer comply with subdivision 1 and the employer fails to do so.

Sec. 4. [181.963] [USE OF OMITTED PERSONNEL RECORD.]

Information properly belonging in an employee's personnel record that was omitted from the personnel record provided by an employer to an employee for review under section 2 may not be used by the employer in an administrative, judicial, or quasi-judicial proceeding, unless the employer did not intentionally omit the information and the employee is given a reasonable opportunity to review the omitted information prior to its use.

Sec. 5. [181.964] [RETALIATION PROHIBITED.]

An employer may not retaliate against an employee for asserting rights or remedies provided in sections 1 to 6.

Sec. 6. [181.965] [REMEDIES.]

Subdivision 1. [GENERAL.] In addition to other remedies provided by law, if an employer violates a provision of sections 1 to 5, the employee may bring a civil action to compel compliance and for the following relief:

(1) for a violation of sections 1 to 4, actual damages only, plus costs; and

(2) for a violation of section 5, actual damages, back pay, and reinstatement or other make-whole, equitable relief, plus reasonable attorney fees.

Subd. 2. [LIMITATIONS PERIOD.] Any civil action maintained by the employee under this section must be commenced within one year of discovery of the alleged violation.

Sec. 7. [181.966] [ADDITIONAL RIGHT OF ACCESS TO RECORDS.]

Sections 1 to 6 do not prevent an employer from providing additional rights to employees and do not diminish a right of access to records under chapter 13."

Delete the title and insert:

"A bill for an act relating to employment; providing for review of an employee's personnel record; providing for removal or revision of disputed information contained in an employee's personnel record; regulating use of omitted information; proposing coding for new law in Minnesota Statutes, chapter 181."

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

The report was adopted.

Ogren from the Committee on Health and Human Services to which was referred:

H. F. No. 469, A bill for an act relating to human services; creating a subsidy program for community clinics; providing planning

grants; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [256.972] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 4.

Subd. 2. [COMMUNITY-BASED CLINIC.] "Community-based clinic" means an entity that:

(1) through its staff and supporting resources or through its contracts or cooperative arrangements with other public or private entities, provides primary health services for all intended residents of its service area;

(2) was established to serve the primary health needs of low-income and uninsured population groups;

(3) uses a sliding fee scale based on ability to pay, and does not limit access or care because of the financial limitations of the client;

(4) has nonprofit status under chapter 317; and

(5) has a governing board, for which at least 51 percent of the membership resides in the local community served by the clinic.

Subd. 3. [UNINSURED INDIVIDUALS.] "Uninsured individuals" means those persons who:

(1) are not eligible for Medicare, medical assistance, general assistance medical care, or any other government health insurance program; and

(2) do not have health coverage through self-insurance, individual accident and health insurance policies, group accident and health insurance policies, coverage under a nonprofit health service plan, or coverage under a health maintenance organization subscriber contract.

Subd. 4. [PRIMARY HEALTH SERVICES.] "Primary health services" means:

(1) diagnosis and treatment, consultative, referral, and other services rendered by physicians, and where feasible, by physician

extenders, such as physician's assistants, nurse clinicians, and nurse practitioners;

(2) diagnostic laboratory services and diagnostic radiologic services;

(3) preventive health services, including children's eye and ear examinations; prenatal care services; well child care services including early periodic screenings, diagnosis, and treatment services; immunizations; and voluntary family planning services; and

(4) emergency medical services, including the provision, through clearly defined arrangements, of health care for medical emergencies during and after the clinic's regularly scheduled hours.

Sec. 2. [256.9721] [COMMUNITY-BASED CLINIC SUBSIDY PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall establish a subsidy program for community-based clinics meeting the requirements of section 1, subdivision 2.

Subd. 2. [RULES.] The commissioner of human services may adopt permanent rules necessary for implementation of this section.

Subd. 3. [DIVISION OF SUBSIDY APPROPRIATION BETWEEN CLINICS.] The commissioner of human services shall allocate money to individual clinics according to standards established in rule. These standards must allocate money in proportion to the number of uninsured clients served by each clinic in the calendar year preceding the fiscal year for which money is allocated. The money allocated to each clinic shall be in addition to any federal, state, or local assistance, including medical assistance, that is otherwise available to the clinics. A clinic is not eligible to receive funds under this section if it:

(1) fails or refuses to provide medically necessary care on the basis of any patient's inability to pay or lack of third-party coverage;

(2) does not apply a sliding discount fee schedule to the portion of the clinic's charges that is the patient's responsibility; or

(3) does not contract with the department to provide care under the medical assistance program.

Subd. 4. [USE OF SUBSIDY.] Each clinic must use the money received to subsidize the cost of providing primary health services to uninsured individuals who receive services at the clinic. The commissioner shall pay a subsidy to the clinic of a maximum of \$75 annually for each client eligible for primary health services. The

subsidy for eligible clients is limited by the individual clinic allocation established in subdivision 3. Clinics may still require clients eligible for the subsidy to pay for the care received according to their usual sliding fee scale.

Sec. 3. [256.9722] [PLANNING GRANTS.]

Subdivision 1. [PURPOSE OF GRANTS.] The commissioner of human services shall offer planning grants for research on: (1) establishing additional rural community-based clinics in medically underserved areas of Minnesota, through a combination of public and private funding; and (2) improving coordination between hospitals for the provision of comprehensive outpatient services in those areas that do not have community-based clinics or adequate ambulatory health care services.

Subd. 2. [CRITERIA FOR SELECTION.] The grants must be awarded to organizations that have experience in coordinating the work of community-based clinics in geographic regions throughout the state.

Subd. 3. [RULES.] The commissioner of human services may adopt rules to implement this section.

Sec. 4. [APPROPRIATIONS.]

\$ is appropriated from the general fund to the commissioner of human services to provide subsidies to community-based clinics under sections 1 and 2. This sum is available until June 30, 1991. \$ is appropriated from the general fund to the commissioner of human services to provide grants under section 3. This sum is available until June 30, 1991."

Delete the title and insert:

"A bill for an act relating to human services; creating a subsidy program for community-based clinics; providing planning grants; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256."

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

The report was adopted.

Osthoff from the Committee on Financial Institutions and Housing to which was referred:

H. F. No. 535, A bill for an act relating to housing; authorizing the

establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing housing courts, rent escrow systems, and building repair fines as demonstration projects in Hennepin and Ramsey counties; reducing property taxes on certain types of residential rental property; authorizing a tax levy for public housing; establishing a fair housing education and public information program; requiring housing impact statements; revising certain housing receivership provisions; changing notice and redemption provisions for certain types of properties; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 273.13, subdivision 25; 462A.05, subdivision 27, and by adding subdivisions; 462A.201, subdivision 5; 462A.21, subdivisions 4k, 12, and by adding subdivisions; 463.21; 469.012, subdivision 1; 504.255; 504.26; 566.175, subdivision 1; 566.29, subdivisions 1, 4, and by adding subdivisions; 580.031; and 580.23, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 256; 462C; 471; 504; and 566.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

AFFORDABLE HOUSING PROGRAMS

Section 1. [256.484] [ACCESSIBLE HOUSING UNITS INFORMATION CENTERS.]

Subdivision 1. [ESTABLISHMENT.] The council on disability shall establish five information centers on accessible housing units for the disabled. At least two of the information centers must be located in the area of the state outside of the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 2. [RESPONSIBILITIES.] Each information center must maintain an inventory list of all accessible housing units for the disabled located within the geographical area assigned to the information center by the council on disability. Each center must also maintain and distribute to all interested persons a current list of all vacant accessible units located within the center's area. The list must be updated on a monthly basis. Disabled persons seeking accessible housing units may place their name on a prospective tenant list compiled and maintained by each information center. Prospective tenant lists may only be released to landlords who own accessible housing units located within the center's geographical

area. Prospective tenant lists must be updated on a monthly basis. The council on disability must design standard forms to be used for vacant accessible units and prospective tenant lists.

Sec. 2. [268.44] [EMERGENCY MORTGAGE AND RENTAL ASSISTANCE PILOT PROJECT.]

Subdivision 1. [ADMINISTRATION.] The commissioner of jobs and training may administer an emergency mortgage and rental assistance pilot project for individuals who have lost their housing or are in imminent danger of losing their housing as a result of having insufficient income to allow payment of their rental or mortgage costs. Eligible project participants are individuals:

(1) who are ineligible for or have already received emergency rental and mortgage assistance under section 256.871 or emergency general assistance under section 256D.06, subdivision 2; and

(2) whose income has not exceeded 80 percent of the area median income during the previous two years. No individual or family may receive more than six months of rental or mortgage assistance. The commissioner may establish eligibility priorities for emergency rental or mortgage assistance among the categories of persons needing assistance, including persons subject to immediate eviction for nonpayment of rent or foreclosure for nonpayment of mortgage installments or property taxes, when nonpayment is attributable to illness, unemployment, underemployment, or any other failure of resources beyond the person's control. The commissioner may establish guidelines to be followed by local agencies on the amount of assistance provided to participants under the program and repayment of assistance.

Subd. 2. [LOCAL RESPONSIBILITIES.] The commissioner of jobs and training shall disburse funds to local agencies responsible for the distribution of emergency assistance. The local agencies may distribute funds to eligible project participants and may determine the amount of assistance on a case-by-case basis based on the guidelines established by the commissioner. Local agencies must provide program participants with referral services relating to housing and other resources and programs that may be available to them.

Subd. 3. [MORTGAGE ASSISTANCE.] Eligible homeowners at risk of losing their housing as a result of a short-term disruption or decrease in income may receive monthly mortgage or mortgage arrears assistance interest-free loans. The local distributing agency shall determine repayment schedules on a case-by-case basis based on the guidelines established by the commissioner. The commissioner of jobs and training shall inform mortgagees of the mortgage assistance project. Financial assistance under this subdivision provided to recipients of aid to families with dependent children must

be in the form of in-kind services. To the extent possible under federal law this assistance shall not be considered income under the food stamp or energy assistance programs.

Subd. 4. [RENTAL ASSISTANCE.] Eligible applicants who have lost their housing or are in imminent danger of losing their housing may receive security deposit, monthly rental, or rental arrears assistance payments. Monthly rental assistance payments may not exceed the fair market rental payment of the rental housing unit. No person may continue to receive rental assistance under this section if alternative sources of rental subsidy, including but not limited to federally subsidized housing programs and public housing, become available. Persons may be required to repay the rental assistance based on their financial ability to pay, as determined by the local distributing agency and based on the guidelines established by the commissioner.

Sec. 3. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 14c. [NEIGHBORHOOD PRESERVATION.] It may agree or enter commitments to purchase, make, or participate in making loans described in subdivision 14 for programs approved by the agency for the preservation of designated neighborhoods. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the programs may authorize loans to borrowers having ownership interests in properties in the neighborhood who are not eligible mortgagors as defined in section 462A.03, subdivision 13. The aggregate original principal balances of noneligible mortgagor loans in a neighborhood benefiting from financing under this subdivision must not exceed 25 percent of the total amount of neighborhood preservation loan funds allocated to the neighborhood under the program.

Sec. 4. Minnesota Statutes 1988, section 462A.05, subdivision 27, is amended to read:

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing, ~~previously financed by the agency, which was~~ (a) previously financed by the agency, or (b) not financed by the agency but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be

managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties.

Sec. 5. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 30. [HOME EQUITY CONVERSION LOANS.] The agency may make or purchase home equity conversion loans for low- or moderate-income elderly homeowners. Loan recipients must be at least 62 years of age, have substantial equity in their home, and have an income at or below 50 percent of the area median income. The agency must inform program participants of available home equity conversion loan counseling services before making a loan.

Sec. 6. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3a. [CAPACITY BUILDING REVOLVING LOAN FUND.] It may establish a revolving loan fund for predevelopment costs for nonprofit organizations and local government units engaged in the construction or rehabilitation of low- and moderate-income housing, and for the purposes specified in sections 462A.05, subdivision 5; and 462A.07, subdivisions 2, 3, 3a, 5, 5a, 6, 7, 11, and 16. The agency may delegate the authority to administer the revolving loan fund for designated areas in the state to existing nonprofit organizations. Nonprofit entities selected to exercise such delegated powers must have sufficient professional housing development expertise, as determined by the agency, to evaluate the economic feasibility of an applicant's proposed project. Loans to nonprofit organizations or local government units under this subdivision may be made with or without interest as determined by the agency.

Sec. 7. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 3b. [CAPACITY BUILDING GRANTS.] It may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including the creation or preservation of affordable housing and the linking of supportive services to the housing. The agency shall adopt rules specifying the eligible uses of grant money. Funding priority must be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people,

and demonstrate a local commitment of local resources, which may include in-kind contributions.

Sec. 8. Minnesota Statutes 1988, section 462A.21, subdivision 4k, is amended to read:

Subd. 4k. [HOUSING DEVELOPMENT FUND.] The agency may make grants for residential housing for low-income persons under section 462A.05, subdivision 28, from funds specifically appropriated by the legislature for that purpose and may pay the costs and expenses for the development and operation of the program.

Sec. 9. Minnesota Statutes 1988, section 462A.21, subdivision 8, is amended to read:

Subd. 8. It may establish a home ownership assistance fund, on terms and conditions it deems advisable, to assist persons and families of low and moderate income in the purchase of affordable residential housing and may use the funds to provide additional security for eligible loans or to pay costs associated with or provide additional security for bonds issued or capital raised by the agency including participations arranged with private lenders. Assistance under this subdivision may include, but is not limited to, interest writedowns on loans made by the agency, down payment assistance, and monthly mortgage payment assistance on loans made or purchased by the agency and interest writedowns on taxable bonds securities or mortgages sold by the agency for the purpose of making loans to low- and moderate-income homebuyers.

Sec. 10. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8b. [FAMILY RENTAL HOUSING.] It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 60 percent of area median income. Priority must be given to those developments with the lowest income resident families. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of in-kind services. To the extent possible under federal law, this assistance shall not be considered income under the food stamp or energy assistance programs. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Sec. 11. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 8c. [RENTAL HOUSING FOR INDIVIDUALS.] It may establish a low-income individual and mentally ill rental housing assistance program to provide loans or direct rental subsidies for housing for individuals with incomes of up to 25 percent of area median income. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Sec. 12. Minnesota Statutes 1988, section 462A.21, subdivision 12, is amended to read:

Subd. 12. [TEMPORARY HOUSING.] It may make loans or grants for the purpose of section 462A.05, subdivision 20, and may pay the costs and expenses necessary and incidental to the loan or grant program authorized therein. Grants pursuant to section 462A.05, subdivision 20 may be made only with specific appropriations by the legislature.

Sec. 13. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 12a. [PROGRAM MONEY TRANSFER.] Grants authorized under section 462A.05, subdivisions 20, 28, and 29, may be made only with specific appropriations by the legislature, but unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3.

Sec. 14. [462A.215] [PRESERVATION OF EXISTING SUBSIDIZED HOUSING.]

Subdivision 1. [PRESERVATION ACCOUNT.] The preservation account is created and funded as a separate account in the housing development fund. The agency may use state appropriations from the preservation account to preserve and maintain the stock of existing federally subsidized housing as provided under this section. Money may only be used from the account when the agency determines that federally subsidized housing units would be lost without state assistance. Money from the account may be used to leverage funds from other sources. The agency shall determine the terms and conditions of repayments of loans made under this section. The agency may adopt rules for making loans under this section.

Subd. 2. [SECONDARY MORTGAGE FINANCING.] The agency

may make second mortgage loans from the preservation account to private owners of federally subsidized rental property. The owner must agree to maintain the federal subsidy on the rental property for the remainder of the federal contract.

Subd. 3. [PROPERTY ACQUISITION LOANS.] The agency may make loans from the preservation account to local public housing agencies, nonprofit housing developers, for-profit housing developers and other entities for the acquisition of eligible rental developments. Eligible rental developments consist of privately owned, federally subsidized rental housing for low- and moderate-income families and persons who are in imminent danger of losing the federal subsidy due to mortgage prepayments or early termination of Section 8 contracts with the Department of Housing and Urban Development. A loan recipient shall agree to maintain the federal subsidy on the rental property for the remainder of the mortgage or the federal contract.

Subd. 4. [PUBLIC HOUSING GRANTS.] The agency may provide grants from the preservation account to public housing agencies for modernizing and maintaining the viability of publicly owned housing units. Grants may only be awarded for public housing that the agency determines would otherwise be lost from the affordable housing stock without state assistance.

Subd. 5. [EQUITY LOANS.] The agency may make equity loans from the preservation account to private owners of federally subsidized housing in order to preserve and maintain federal subsidies. Loan amounts must be based on the appreciated value of the property and the corporation's ability to amortize the loans. The owner must agree to maintain the federal subsidy on the rental property for the remainder of the federal contract.

Sec. 15. [APPROPRIATION; DISABILITY COUNCIL.]

\$125,000 is appropriated from the general fund to the council on disability for the establishment and administration of the accessible housing unit information centers required in section 1.

Sec. 16. [APPROPRIATION; EMERGENCY ASSISTANCE.]

\$ is appropriated to the commissioner of jobs and training agency for the emergency mortgage and rental assistance pilot project under section 2.

Sec. 17. [APPROPRIATION; CAPACITY BUILDING GRANTS.]

\$250,000 is appropriated from the general fund to the Minnesota housing finance agency for the capacity building grants under section 462A.21, subdivision 3b.

Sec. 18. [APPROPRIATION; HOME OWNERSHIP ASSISTANCE FUND.]

\$16,000,000 is appropriated from the general fund to the home ownership assistance fund created under section 462A.21, subdivision 8, for assisting low- and moderate-income homebuyers who are primarily first time homebuyers.

Sec. 19. [APPROPRIATIONS; LOW-INCOME RENTAL HOUSING.]

\$16,000,000 is appropriated from the general fund to the Minnesota housing finance agency for low-income family rental housing under section 462A.21, subdivision 8b.

\$125,000 is appropriated from the general fund to the Minnesota housing finance agency for the construction or adaptation of units accessible to the physically handicapped under the low-income family rental housing program.

\$6,000,000 is appropriated from the general fund to the Minnesota housing finance agency for low-income individual rental housing under section 462A.21, subdivision 8c. \$2,000,000 of this appropriation must be used to provide rental housing for the mentally ill.

Sec. 20. [APPROPRIATION; PRESERVATION OF EXISTING SUBSIDIZED HOUSING.]

\$5,000,000 is appropriated from the general fund to the preservation account of the housing development fund created in section 14.

Sec. 21. [APPROPRIATION; ACCESSIBLE HOUSING.]

\$500,000 is appropriated to the Minnesota housing finance agency for single family home accessibility modification.

ARTICLE 2

LANDLORD-TENANT PROVISIONS

Section 1. Minnesota Statutes 1988, section 463.21, is amended to read:

463.21 [ENFORCEMENT OF JUDGMENT]

If a judgment is not complied with in the time prescribed, the governing body may cause the building to be repaired, razed, or

removed or the hazardous condition to be removed or corrected as set forth in the judgment, or acquire the building and real estate on which the building or hazardous condition is located by eminent domain as provided in section 463.152. The cost of ~~such~~ the repairs, razing, or removal shall may be a lien recovered by obtaining a judgment against the owner of the real estate on which the building is located or the hazardous condition exists and or may be enforced as a lien against the real estate on which the building is located or the hazardous condition exists. The lien may be levied and collected only as a special assessment in the manner provided by Minnesota Statutes 1961, sections 429.061 to 429.081, but the assessment shall be payable in a single installment. When the building is razed or removed by the municipality, the governing body may sell the salvage and valuable materials at public auction upon three days' posted notice.

Sec. 2. Minnesota Statutes 1988, section 504.255, is amended to read:

504.255 [UNLAWFUL OUSTER OR EXCLUSION; DAMAGES.]

If a landlord, an agent, or other person acting under the landlord's direction or control, unlawfully and in bad faith removes ~~or~~, excludes, or forcibly keeps out a tenant from a residential premises, the tenant may recover from the landlord up to treble damages or \$500, whichever is greater, and reasonable attorney's fees.

Sec. 3. Minnesota Statutes 1988, section 504.26, is amended to read:

504.26 [UNLAWFUL TERMINATION OF UTILITIES.]

Except as otherwise provided in this ~~subdivision~~ section, if a landlord, an agent or other person acting under the landlord's direction or control, interrupts or causes the interruption of electricity, heat, gas, or water services to the tenant, the tenant may recover from the landlord treble damages or \$500, whichever is greater, and reasonable attorney's fees. It is a defense to any action brought under this subdivision section that the interruption was the result of the deliberate or negligent act or omission of a tenant or anyone acting under the direction or control of the tenant. The tenant may recover only actual damages under this subdivision section if:

(a) the tenant has not given the landlord, an agent or other person acting under the landlord's direction or control, notice of the interruption; or

(b) the landlord, an agent or other person acting under the landlord's direction or control, after receiving notice of the interruption from the tenant and within a reasonable period of time after the

interruption, taking into account the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants, has reinstated or made a good faith effort to reinstate the service or has taken other remedial action; or

(c) the interruption was for the purpose of repairing or correcting faulty or defective equipment or protecting the health and safety of the occupants of the premises involved and the service was reinstated or a good faith effort was made to reinstate the service or other remedial action was taken by the landlord, an agent, or other person acting under the landlord's direction or control within a reasonable period of time, taking into account the nature of the defect, the nature of the service interrupted and the effect of the interrupted service on the health, welfare and safety of the tenants.

Sec. 4. [504.29] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 4 to 6.

Subd. 2. [OWNER.] "Owner" has the meaning given it in section 566.18, subdivision 3.

Subd. 3. [TENANT.] "Tenant" has the meaning given it in section 566.18, subdivision 2.

Subd. 4. [TENANT REPORT.] "Tenant report" means a written, oral, or other communication by a tenant screening service that includes information concerning an individual's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, and that is collected, used, or expected to be used for the purpose of making decisions relating to residential tenancies or residential tenancy applications.

Subd. 5. [TENANT SCREENING SERVICE.] "Tenant screening service" means a person or business regularly engaged in the practice of gathering, storing, or disseminating information about tenants or assembling tenant reports for monetary fees, dues, or on a cooperative nonprofit basis.

Sec. 5. [504.30] [TENANT REPORTS; DISCLOSURE AND CORRECTIONS.]

Subdivision 1. [DISCLOSURES REQUIRED.] Upon request and proper identification, a tenant screening service must disclose the following information to an individual:

(1) the nature and substance of all information in its files on the individual at the time of the request; and

(2) the sources of the information.

A tenant screening service shall make the disclosures to an individual without charge if information in a tenant report has been used within the past 30 days to deny a rental to the individual or increase the security deposit or rent of a residential housing unit. If the tenant report has not been used to deny the rental or increase the rent or security deposit of a residential housing unit within the past 30 days, the tenant screening service may impose a reasonable charge for making the disclosure required under this section. The charge shall be indicated to the consumer prior to furnishing the information and shall not exceed the charge that the consumer reporting agency would impose on each designated recipient for a consumer report, except that no charge may be made for notifying such persons of the deletion of information which is found to be inaccurate or which can no longer be verified.

Subd. 2. [CORRECTIONS.] If the completeness or accuracy of an item of information contained in an individual's file is disputed by the individual, the tenant screening service shall reinvestigate and record the current status of the information. If the information is found to be inaccurate or can no longer be verified, the tenant screening service shall delete the information from the individual's file and tenant report. At the request of the individual, the tenant screening service shall give notification of the deletions to persons who have received the tenant report within the past six months.

Subd. 3. [EXPLANATIONS.] The tenant screening service shall permit an individual to explain any disputed item in a tenant report not resolved by a reinvestigation. The explanation must be included in the tenant report. The tenant screening service may limit the explanation to no more than 100 words.

Subd. 4. [COURT FILE INFORMATION.] If a tenant screening service includes in a tenant report information from a court file on an individual, the outcome of the court proceeding must be accurately recorded in the tenant report, unless the outcome is not provided by the court. Whenever the court supplies information from a court file on an individual, in whatever form, the court shall include information on the outcome of the court proceeding when it is available. The tenant screening service is not liable under section 6 with respect to court file information if the tenant screening service reports complete and accurate information as provided by the court.

Subd. 5. [INFORMATION TO TENANT.] If the owner uses information in a tenant report to deny the rental or increase the security deposit or rent of a residential housing unit, the owner shall inform the prospective tenant of the name and address of the tenant screening service that provided the tenant report.

Sec. 6. [504.31] [TENANT REPORT; REMEDIES.]

The remedies provided in section 8.31 apply to a violation of section 5. A tenant screening service or owner in compliance with the provisions of the Fair Credit Reporting Act, United States Code, title 15, section 1681, et. seq., is considered to be in compliance with section 5.

Sec. 7. [504.32] [NOTICE REQUIREMENT.]

Subdivision 1. [DEFINITIONS.] The definitions of "owner" and "tenant" in section 566.18 apply to this section.

Subd. 2. [NOTICE.] The owner of federally subsidized rental housing shall give tenants a one-year written notice under the following conditions:

(1) a federal Section 8 contract will expire;

(2) the owner will exercise the option to terminate or not renew a federal Section 8 contract and mortgage;

(3) the owner will prepay a mortgage and the prepayment will result in the termination of any federal use restrictions that apply to the housing; or

(4) the owner will terminate a housing subsidy program.

The notice shall be provided at the commencement of the lease if the lease commences less than one year before any of the above conditions apply.

Sec. 8. Minnesota Statutes 1988, section 566.175, subdivision 1, is amended to read:

Subdivision 1. [UNLAWFUL EXCLUSION OR REMOVAL.] For purposes of this section, "unlawfully removed or excluded" means actual or constructive removal or exclusion. Actual or constructive removal or exclusion may include the termination of utilities, or the removal of doors, windows, or locks. Any tenant who is unlawfully removed or excluded from lands or tenements which are demised or let to the tenant may recover possession of the premises in the following manner:

(a) The tenant shall present a verified petition to the county or municipal court of the county in which the premises are located, which petition shall:

(1) describe the premises of which possession is claimed and the owner, as defined in section 566.18, subdivision 3, of the premises;

(2) specifically state the facts and grounds that demonstrate that the removal or exclusion was unlawful including a statement that no judgment and writ of restitution have been issued under section 566.09 in favor of the owner and against petitioner as to the premises and executed in accordance with section 566.17; and

(3) ask for possession thereof.

(b) If it clearly appears from the specific grounds and facts stated in the verified petition or by separate affidavit of petitioner or the petitioner's counsel or agent that the removal or exclusion was unlawful, the court shall immediately order that petitioner have possession of the premises.

(c) The petitioner shall furnish monetary or other security if any as the court deems appropriate under the circumstances for payment of all costs and damages the defendant may sustain if the order is subsequently found to have been obtained wrongfully. In determining the appropriateness of any security the court shall consider petitioner's ability to afford monetary security.

(d) The court shall direct the order to the sheriff or any constable of the county in which the premises is located and the sheriff or constable shall execute the order immediately by making a demand upon the defendant, if found, or the defendant's agent or other person in charge of the premises, for possession of the premises. If the defendant fails to comply with the demand, the officer shall take whatever assistance may be necessary and immediately place the petitioner in possession of the premises. If the defendant or the defendant's agent or other person in control of the premises cannot be found and if there is no person in charge of the premises detained so that no demand can be made, the officer shall immediately enter into possession of the premises and place the petitioner in possession of the premises. The officer shall also serve the order and verified petition or affidavit without delay upon the defendant or agent, in the same manner as a summons is required to be served in a civil action in district court.

Sec. 9. Minnesota Statutes 1988, section 566.29, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATOR.] The administrator may be any a person, other than an owner of the building, local government unit or agency, the inspector, the complaining tenant or any person living in the complaining tenant's dwelling unit. If a state, or court, ~~or local~~ agency is authorized by statute, ordinance or regulation to provide persons to act as administrators under this section, the court may appoint such persons as administrators to the extent they are available.

Sec. 10. Minnesota Statutes 1988, section 566.29, subdivision 4, is amended to read:

Subd. 4. [POWERS.] The administrator shall be empowered is authorized to:

(a) Collect rents from tenants and commercial tenants, evict tenants and commercial tenants for nonpayment of rent or other cause, rent vacant dwelling units on a month to month basis, rent vacant commercial units with the consent of the owner and exercise all other powers necessary and appropriate to carry out the purposes of Laws 1973, chapter 611;

(b) Contract for the reasonable cost of materials, labor and services necessary to remedy the violation or violations found by the court to exist and for the rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and make disbursements for payment therefor from funds available for the purpose;

(c) Provide any services to the tenants which the owner is obligated to provide but refuses or fails to provide, and pay for them from funds available for the purpose;

(d) Petition the court, after notice to the parties, for an order allowing the administrator to encumber the premise to secure funds to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and to pay for them from funds derived from the encumbrance; and

(e) Petition the court, after notice to the parties, for an order allowing the administrator to receive funds made available for this purpose by the municipality to the extent necessary to cover the cost of materials, labor, and services necessary to remedy the violation or violations found by the court to exist and for rehabilitation of the property in order to maintain safe and habitable conditions over the useful life of the property, and pay for them from funds derived from the municipal sources. The municipality shall recover disbursements by special assessment on the real estate affected, bearing interest at the rate determined by the municipality, not exceeding the rate established for finance charges for open-end credit sales under section 334.16, subdivision 1, clause (b), with the assessment, interest and any penalties to be collected the same as special assessments made for other purposes under state statute or municipal charter.

Sec. 11. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 6. [BUILDING REPAIRS AND SERVICES.] The administrator must first contract and pay for building repairs and services necessary to keep the building habitable before other expenses may be paid. If sufficient funds are not available for paying other expenses, such as tax and mortgage payments, after paying for necessary repairs and services, the owner is responsible for the other expenses.

Sec. 12. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 7. [FACTORS FOR THE COURT TO CONSIDER.] In considering whether to grant the administrator funds under subdivision 4, the court shall consider factors relating to the long-term economic viability of the dwelling. Such an analysis must consider factors including, but not limited to, the causes leading to the appointment of an administrator, the repairs necessary to bring the property into code compliance, the market value of the property, and whether present and future rents will be sufficient to cover the cost of repairs or rehabilitation.

Sec. 13. Minnesota Statutes 1988, section 566.29, is amended by adding a subdivision to read:

Subd. 8. [ADMINISTRATOR'S LIABILITY.] The administrator may not be held personally liable in the performance of duties under this section except for fraud, gross negligence, misfeasance, malfeasance, or nonfeasance of office.

Sec. 14. [566.291] [RECEIVERSHIP REVOLVING LOAN FUND.]

The Minnesota housing finance agency may establish a revolving loan fund to pay the administrative expenses of receivership administrators under section 566.29 for properties for occupancy by low- and moderate-income persons or families. Property owners are responsible for repaying administrative expense payments made from the fund.

Sec. 15. Minnesota Statutes 1988, section 580.031, is amended to read:

580.031 [MINIMUM NOTICE.]

Subdivision 1. [EIGHT WEEKS' NOTICE.] Notwithstanding the provisions of any other law to the contrary and except as otherwise provided in subdivision 2, eight weeks' published notice must be given prior to the foreclosure sale of a homestead to which sections 583.01 to 583.12 apply if the notice is published for the first time after May 24, 1983, and prior to May 1, 1985, after June 8, 1985, and prior to May 1, 1987, or after the effective date of Laws 1987, chapter

292, and prior to May 1, 1989. The notice must contain the information specified in section 580.04.

At least eight weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied.

Subd. 2. [FOUR WEEKS' NOTICE.] Notwithstanding subdivision 1, four weeks' published notice must be given prior to the foreclosure sale of an abandoned nonagricultural residential dwelling consisting of less than five units. The notice must contain the information specified in section 580.04.

Sec. 16. Minnesota Statutes 1988, section 580.23, is amended by adding a subdivision to read:

Subd. 1a. [UNOCCUPIED PROPERTY.] Notwithstanding subdivision 1, the mortgagor or the mortgagor's personal representatives or assigns, within one month after a sale, may redeem all abandoned nonagricultural residential dwellings consisting of less than five units.

Sec. 17. [HOUSING CALENDAR CONSOLIDATION PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT.] A three-year pilot project may be established in the second and fourth judicial districts to consolidate the hearing and determination of matters related to residential rental housing and to ensure continuity and consistency in the disposition of cases.

Subd. 2. [JURISDICTION.] The housing calendar project may consolidate the hearing and determination of all proceedings under Minnesota Statutes, chapters 504 and 566; criminal and civil proceedings related to violations of any state, county, or city health, safety, housing, building, fire prevention or housing maintenance code; escrow of rent proceedings; landlord tenant damage actions; and actions for rent and rent abatement. No proceeding under sections 566.01 to 566.17 may be delayed because of the consolidation of matters under the housing calendar project.

Subd. 3. [REFEREE.] The chief judge of each of the second and fourth judicial districts may appoint a referee for the housing calendar project. The referee shall be learned in the law and shall be compensated according to the same scale used for other referees in the district. Minnesota Statutes, section 484.70, subdivision 6, applies to the housing calendar project.

Subd. 4. [REFEREE DUTIES.] The duties and powers of the referee of the housing calendar project are as follows:

(1) hear and report all matters within the jurisdiction of the housing calendar project and as may be directed to the referee by the chief judge; and

(2) recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of the referee are subject to confirmation by a judge.

Subd. 5. [TRANSMITTAL OF COURT FILE.] Upon the conclusion of the hearing in each case, the referee must transmit to the district court judge the court file, together with the referee's recommended findings and orders in writing. The recommended findings and orders of the referee become the findings and orders of the court when confirmed by the district court judge. The order of the court is proof of the confirmation.

Subd. 6. [CONFIRMATION OF REFEREE ORDERS.] Review of a recommended order or finding of the referee by a district court judge may be had by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review must specify the grounds for the review and the specific provisions of the recommended findings or orders disputed, and the district court judge, upon receipt of the notice of review, shall set a time and place for the review hearing.

Subd. 7. [PROCEDURES.] The chief judge of each of the second and fourth judicial districts shall establish procedures for the implementation of the housing calendar project, including designation of a location for the hearings. The chief judge may also appoint other staff as necessary for the project.

Subd. 8. [EVALUATION.] The state court administrator shall establish a procedure in consultation with the chief judge of each of the second and fourth judicial districts and the district administrator for evaluating the efficiency and the effectiveness of consolidating the hearing of residential rental housing matters and shall report to the legislature by January 1, 1992. An advisory group shall be established in each of the second and fourth judicial districts to provide ongoing oversight and evaluation of the housing calendar project. The advisory group must be appointed by the chief judge of each district and must be composed of at least one representative from the following groups: the state court administrator's office, the district court administrator's office, the district judges, owners of rental property, and tenants.

Sec. 18. [566.35] [ESCROW OF RENT TO REMEDY VIOLATIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in section 566.18, apply to this section.

Subd. 2. [ESCROW OF RENT.] If a violation exists in a building, a tenant may deposit the full amount of rent due to the owner with the court administrator using the following procedure:

(a) For a violation of section 566.18, subdivision 6, paragraph (a), the tenant may deposit with the court administrator the rent due to the owner along with a copy of the written notice of code violation provided in section 566.19, subdivision 2. The tenant may not deposit the rent or file the written notice of code violation until the time granted to make repairs has expired without satisfactory repairs being accomplished, unless the tenant alleges that the time granted is excessive.

(b) For a violation of section 566.18, subdivision 6, paragraph (b) or (c), the tenant shall give written notice to the owner specifying the violation. The notice must be delivered personally or sent to the person or place where rent is normally paid. If the violation is not corrected within 14 days, the tenant may deposit the amount of rent due to the owner with the court administrator along with an affidavit specifying the violation. The court shall provide a simplified form affidavit for use under this section.

As long as proceedings are pending under this section, the tenant shall pay rent to the owner or as directed by the court and may not withhold rent in order to remedy a violation.

Subd. 3. [COUNTERCLAIM FOR POSSESSION.] The owner may file a counterclaim for possession of the premises in cases where the owner alleges that the tenant did not deposit the full amount of rent with the court administrator. The court must set the date for a hearing on the counterclaim not less than seven nor more than 14 days from the day of filing the counterclaim. If the rent escrow hearing and the hearing on the counterclaim for possession cannot be heard on the same day, the matters must be consolidated and heard on the date scheduled for the hearing on the counterclaim. The contents of the counterclaim for possession must meet the requirements for a complaint in unlawful detainer under section 566.05. The owner must serve the counterclaim as provided in section 566.06, except that the affidavits of service or mailing may be brought to the hearing rather than filed with the court before the hearing. The court shall provide a simplified form for use under this section.

Subd. 4. [DEFENSES.] The defenses provided in section 566.23 are defenses to an action brought under this section.

Subd. 5. [FILING FEE.] The court administrator may charge a

filing fee in the amount set for complaints and counterclaims in conciliation court subject to the filing of an inability to pay affidavit.

Subd. 6. [NOTICE OF HEARING.] A hearing must be held within ten to 14 days of the day a tenant deposits rent with the court administrator. If the cost of remedying the violation, as estimated by the tenant, is within the jurisdictional limit for conciliation court, the court administrator shall notify the owner and the tenant of the time and place of the hearing by first class mail. The tenant shall provide the court administrator with the owner's name and address. If under section 504.22, the owner has disclosed a post office box as the owner's address, then notice of the hearing may be mailed to the post office box. If the cost of remedying the violation, as estimated by the tenant, is above the jurisdictional limit for conciliation court, the tenant shall serve the notice of hearing according to the rules of civil procedure. The notice of hearing must specify the amount the tenant has deposited with the court administrator and must inform the owner that possession of the premises will not be an issue at the hearing unless the owner files a counter claim for possession or an action under sections 566.01 to 566.17.

Subd. 7. [RELEASE OF RENT PRIOR TO HEARING.] If the tenant gives written notice to the court administrator that the code violation has been remedied, the court administrator shall release the rent to the owner and, unless the hearing has been consolidated with another action pending in housing court, shall cancel the hearing. If the tenant and the owner enter into a written agreement signed by both parties apportioning the rent between them, the court administrator shall release the rent in accordance with the written agreement and cancel the hearing.

Subd. 8. [CONSOLIDATION WITH UNLAWFUL DETAINER.] Actions under this section and actions in unlawful detainer brought under sections 566.01 to 566.17 that involve the same parties must be consolidated and heard on the date scheduled for the unlawful detainer.

Subd. 9. [HEARING.] The hearing shall be conducted by a court without a jury. A certified copy of an inspection report meets the requirements of Rule 803(8) of the Rules of Evidence as an exception to the rule against hearsay, and meets the requirements of Rules 901 and 902 of the Rules of Evidence as to authentication.

Subd. 10. [JUDGMENT.] (a) Upon finding that a violation exists, the court may, in its discretion, do any or all of the following:

(1) order relief as provided in section 566.25, paragraph (a), (b), (d), or (e), including retroactive rent abatement;

(2) order that all or a portion of the rent in escrow be released for the purpose of remedying the violation;

(3) order that rent be deposited with the court as it becomes due to the owner or abate future rent until the owner remedies the violation; or

(4) impose fines as required in section 19.

(b) When a proceeding under this section has been consolidated with a counterclaim for possession or an action in unlawful detainer under sections 566.01 to 566.17, and the owner prevails, the tenant may redeem the tenancy as provided in section 504.02.

(c) When a proceeding under this section has been consolidated with a counterclaim for possession or an action under an unlawful detainer under sections 566.01 to 566.17 on the grounds of nonpayment, the court may not require the tenant to pay the owner's filing fee as a condition of retaining possession of the premises when the tenant has deposited with the court the full amount of money found by the court to be owing the owner.

Subd. 11. [RELEASE OF RENT AFTER HEARING.] Upon finding, after a hearing on the matter has been held, that no violation exists in the building, or that the tenant did not deposit the full amount of rent due with the court administrator, the court shall order the immediate release of the rent to the owner. Upon finding that a violation existed but was remedied between the commencement of the action and the hearing, the court may order rent abatement and shall release the rent to the parties accordingly. Any rent found owing the tenant must be released to the tenant.

Subd. 12. [RETALIATION; WAIVER; RIGHTS AS ADDITIONAL.] The provisions of section 566.28 apply to proceedings under this section. The tenant rights under this section may not be waived or modified and are in addition to and do not limit other rights or remedies which may be available to the tenant and owner, except as provided in subdivision 2.

Sec. 19. [566.36] [VIOLATIONS OF BUILDING REPAIR ORDERS.]

Subdivision 1. [DEFINITIONS.] The definitions in section 566.18, apply to subdivision 2.

Subd. 2. [NONCOMPLIANCE; FINES.] Upon finding an owner has failed to comply with a court order for building repairs, the court shall fine the owner according to the following schedule:

(1) \$250 for the first violation of a court order;

(2) \$500 for the second violation of the same court order; and

(3) \$750 for the third and subsequent violations of the same court order.

The court must find that there has been a willful disregard of a court order before a fine may be imposed. An owner fined twice in a period of three years for failure to comply with a court order for repairs on any building owned is guilty of a gross misdemeanor for a third or subsequent violation and may be sentenced accordingly.

Subd. 3. [FINES COLLECTED.] Fines collected under this section in Hennepin county must be used for expenses of the district court, fourth judicial district, and housing calendar consolidation project. Fines collected under this section in Ramsey county must be used for expenses of the district court, second judicial district, and housing calendar consolidation project.

Sec. 20. [DEMONSTRATION PROJECTS.]

The establishment of the housing calendar consolidation project under section 17, is a demonstration project to evaluate the effectiveness of coordinating the adjudication of all housing-related cases in one court.

Sec. 21. [APPROPRIATION; HOUSING CALENDAR PILOT PROJECT.]

\$ is appropriated from the general fund to the state court administrator to distribute to the second and fourth judicial districts to administer section 17, and \$ is appropriated to the state court administrator for evaluation of the housing calendar project under section 17, subdivision 8, to be available until July 1, 1991.

Sec. 22. [REPEALER.]

Sections 17 and 19, subdivision 3, are repealed August 1, 1992.

ARTICLE 3

RENTAL TO HOMEOWNERSHIP CONVERSION PROGRAM

Section 1. [462A.055] [RENTAL TO HOMEOWNERSHIP CONVERSION PROGRAM.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The agency may establish a program to assist low- and moderate-income renters to become homebuyers. The agency may provide funding to a city that has developed a plan to assist potential homebuyers in designated

areas of the city. The program should be used to assist in stabilizing neighborhoods by increasing the number of owner occupied housing units.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "City" means a home rule charter or statutory city, a housing and redevelopment authority, or other development entity responsible for housing activities established under chapter 469 or by special law.

(b) "Homebuyer" means a low- or moderate-income individual or family who has not owned a residential dwelling which the homebuyer has occupied as a principal dwelling at any time during the past three years. The three year limit does not apply to a person who has been divorced during that period.

(c) "Housing dwelling" means a residential housing structure of three units or less that will be occupied by the homebuyer as the homebuyer's principal place of residence.

(d) "Lease-sale agreement" means an agreement with a potential homebuyer where the city or an organization contracting with the city agrees to lease a housing dwelling to a potential homebuyer for a specified period of time at the end of which period the potential homebuyer will purchase the housing dwelling.

(e) "Organization" is a local unit of government or a for-profit or nonprofit organization, including neighborhood based organizations, that has met criteria established by the agency to administer the program or to provide services to homebuyers under the program.

(f) "Program" means the rental to homeownership conversion program established under this section.

Subd. 3. [GRANTS.] The agency may award grants to cities that have submitted to the agency a homeownership plan required under subdivision 6. Total grants to any one city may not exceed \$2,000,000 in any one year. Grant money may only be used for the eligible costs stated in subdivision 8.

Any grant funds repaid to the city must be used by the city for the purposes of this section, or must be returned to the agency.

Subd. 4. [DUTIES OF THE AGENCY.] The agency shall:

(1) establish criteria for cities to follow when selecting organiza-

tions to administer the program or to provide services to homebuyers;

(2) establish income and other eligibility guidelines for homebuyers under the program; the income guidelines may vary by geographic area;

(3) establish limits, eligibility criteria, and other guidelines relating to the eligible costs under subdivision 8;

(4) establish requirements that cities must follow when entering into a contractual agreement with a homebuyer including, but not limited to, loan terms, maximum interest rates, repurchase conditions, rental payments under lease-sale agreements, and foreclosure requirements;

(5) review and approve each homeownership plan and modifications to the plan submitted by the city;

(6) establish specific requirements for all contracts and other agreements related to the program; and

(7) establish guidelines for the allocation of grants among cities submitting homeownership plans, and for the subsequent reallocation of funds, should such reallocation become necessary.

Subd. 5. [DUTIES OF THE CITY.] The city shall:

(1) prepare a homeownership plan under subdivision 6;

(2) provide for the administration of the program, either directly or by selecting and contracting with organizations to administer the entire program or to provide certain services to homebuyers under the program. Administration responsibilities may include:

(i) selection and acquisition of housing dwellings;

(ii) sale of housing dwellings to homebuyers or execution of lease-sale agreements with potential homebuyers under guidelines established by the agency; and

(iii) provision of homeownership training and assistance services to homebuyers;

(3) attempt to leverage grant money provided under this section with money from other sources including city, foundation, and other nonpublic entities; and

(4) monitor or ensure the monitoring of homebuyers under the program to determine if they:

(i) continue to meet the financial requirements of any contractual agreements under the program; and

(ii) continue to function successfully and independently as homebuyers.

Subd. 6. [HOMEOWNERSHIP PLAN.] (a) The city shall develop a homeownership plan that demonstrates how grant money provided under this section would be used in the city. The plan must include at least the following:

(1) a description of the designated areas of the city where the grant money will be used;

(2) a description of the criteria the city will use to select organizations to administer the program or to provide services under the program;

(3) a description of the eligibility requirements the city or organizations will use to select potential homebuyers;

(4) a description of the assistance that the city and organizations plan to use to assist homebuyers in gaining home management skills and other skills to become self-sufficient; and to continue to function successfully and independently as homebuyers.

(5) a description of citizen participation in developing the plan;

(6) a description of the types of housing dwellings that will likely be converted from rental units to owner occupied housing dwellings under the program;

(7) a projected financial plan for the use of the funds including the types of expenditures described in subdivision 8 that will be made in implementing the plan; and

(8) any other information the agency determines is necessary to carry out the program.

Any major modifications to the plan must be approved by the agency.

(b) The city must develop a citizen participation process to involve residents of the designated areas and other city residents in the development of the plan. The citizen participation process must include a public hearing. The city council shall formally adopt the plan and submit it to the agency as part of the application for the grants awarded under subdivision 3.

The city shall also develop an ongoing review mechanism that monitors the progress of the program. The mechanism may include the participation of residents of the designated areas.

Subd. 7. [TYPES OF FINANCIAL ASSISTANCE PROVIDED TO HOMEBUYERS.] The following types of financial assistance may be provided to homebuyers under this program according to the needs of each homebuyer and based on criteria and standards adopted by the agency:

(1) direct loans to homebuyers where the city has determined that the homebuyer does not qualify for loans from other public and private financing programs;

(2) loan payment subsidies which may include direct payment subsidies, interest rate subsidies or buydowns, mortgage participation, or other assistance;

(3) rent subsidies for homebuyers that have entered into a lease-sale agreement; and

(4) emergency assistance.

Financial assistance provided to recipients of aid to families with dependent children must be provided as in-kind services. To the extent possible under federal law, the assistance provided under this section shall not be considered income under the food stamp or energy assistance programs.

A portion of the rent paid under a lease-sale agreement may be a contribution to the down payment for the purchase of the housing dwelling.

Subd. 8. [ELIGIBLE EXPENDITURES OF GRANT MONEY.] The city may use the grant money received under subdivision 3 under guidelines established by the agency for the following purposes:

(1) costs associated with the acquisition, rehabilitation, and resale of housing dwellings purchased by the city for the purpose of selling to eligible homebuyers; and

(2) payment of financial assistance to homebuyers, or others on the behalf of the homebuyer, as provided in subdivision 7.

With respect to any one housing dwelling, the city may not spend grant money received under subdivision 3 in an amount that exceeds 65 percent of the maximum mortgage amount for existing dwellings as established by the Federal Housing Administration. In addition, a minimum of 75 percent of the grant money expended

with respect to a housing dwelling must be repaid to the grant fund and be used in accordance with the provisions of subdivision 3.

No more than 15 percent of the grant awarded under subdivision 3 may be used for the administrative and other program-related costs incurred by the city or organization the city has contracted with to administer the program.

Subd. 9. [REPORTS.] Each city that receives a grant under this section shall submit an annual report to the agency by December 1 of each year that describes the use of grant funds received under this section. The report must include a description of the number of housing dwellings acquired, the number of housing dwellings purchased by homebuyers, a list of organizations the city contracted with for the program and the services they provided, and any other information required by the agency.

Sec. 2. Minnesota Statutes 1988, section 462A.21, is amended by adding a subdivision to read:

Subd. 15. [RENTAL TO HOMEOWNERSHIP CONVERSION PROGRAM.] It may make grants to local units of governments for a rental to homeownership conversion program under section 1, and may pay the costs and expenses necessary and incidental to this grant program.

Sec. 3. [APPROPRIATION.]

\$10,000,000 is appropriated from the general fund to the Minnesota housing finance agency for the rental to homeownership conversion program under section 1.

ARTICLE 4

YOUTH EMPLOYMENT AND HOUSING PROGRAM

Section 1. Minnesota Statutes 1988, section 268.361, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE ORGANIZATION.] "Eligible organization" means a public agency or a nonprofit organization that can demonstrate an ability to design implement a program for education and training services provided to targeted youth. Eligible organizations may include local jurisdictions, public school districts, private non-sectarian schools, post-secondary educational institutes, alternative schools, community groups, and labor organizations.

Sec. 2. Minnesota Statutes 1988, section 268.361, is amended by adding a subdivision to read:

Subd. 4a. [PROGRAM.] "Program" means the services and activities performed or contracted for by an eligible organization for which a grant has been received or for which a grant application has been submitted to the commissioner.

Sec. 3. Minnesota Statutes 1988, section 268.362, is amended to read:

268.362 [PLANNING GRANTS.]

The commissioner shall make grants of up to \$20,000 to eligible organizations for the design of programs to provide education and training services to targeted youth. The purpose of these programs is to provide specialized training and work experience to at-risk targeted youth who have not been served effectively by the current educational system. The programs are to be designed to include a work experience component with work projects that result in the rehabilitation or construction of residential units for the homeless. Two or more eligible organizations may jointly apply for a planning grant. The commissioner shall administer the grant program.

Interested eligible organizations must apply to the commissioner for the grants. The advisory committee must review the applications and provide to the commissioner a list of recommended eligible organizations that the advisory committee determines meet the requirements for receiving a planning grant. The commissioner shall select from the committee's list at least four organizations to receive the planning grants with at least one organization located in each of the cities of Minneapolis and St. Paul and two organizations located outside the metropolitan area defined in section 473.121, subdivision 2.

Sec. 4. Minnesota Statutes 1988, section 268.364, is amended to read:

268.364 [PROGRAM PURPOSE AND DESIGN.]

Subdivision 1. [PROGRAM PURPOSE.] The grants awarded under section 268.362 are for the design of a youth employment and training program directed at targeted youth who are likely to be at risk of not completing their high school education. Each program design must include education, work experience, and job skills components.

Subd. 2. [EDUCATION COMPONENT.] A program design must contain an education component that requires program participants who have not completed to complete their secondary education to be

enrolled in a traditional public or private secondary school, a suitable alternative school setting, or a GED program. Program participants must be working toward the completion of their secondary education or literacy advancement.

Subd. 3. [WORK EXPERIENCE COMPONENT.] A work experience component must be included in each program design. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities and a training subsidy or stipend may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in the expansion or improvement of residential units for homeless persons and very low income families, and must include direct supervision by individuals skilled in each specific vocation. The program design must include an examination of how Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Subd. 4. [JOB READINESS SKILLS COMPONENT.] A job readiness skills component must be included in each program design. The component must provide program participants with job search skills, placement assistance, and other job readiness skills to ensure that participants will be able to compete in the employment market.

Subd. 5. [ELIGIBLE PROGRAM PROVIDERS.] A program design must include the examination of the types of organizations that would administer and operate the program. The types of organizations examined must include public school districts, private nonsectarian schools, alternative schools, local jurisdictions, housing related groups, community groups, and labor organizations, or a joint effort among two or more of these organizations.

Sec. 5. Minnesota Statutes 1988, section 268.365, is amended to read:

268.365 [HOUSING FOR HOMELESS.]

Subdivision 1. [WORK PROJECT REQUIREMENT.] The work experience component of the youth employment and training program described in section 268.364 must include work projects that provide residential units through construction or rehabilitation, or improvement for the homeless and families with very low incomes.

Subd. 2. [PRIORITY FOR HOUSING.] Any residential units that become available through the employment and training program must be allocated in the following order:

- (1) homeless families with at least one dependent;
- (2) other homeless individuals;
- (3) other very low income families and individuals; and
- (4) families or individuals that receive public assistance and that do not qualify in any other priority group.

Subd. 3. [ACQUISITION OF HOUSING UNITS.] The program design must include an examination of the means of acquiring eligible organization receiving a grant under section 268.362 shall acquire property or buildings for the construction or rehabilitation of residential units at the lowest possible cost. The examination must include the review of Possible sources of property and funding through federal, state, or local agencies, including include the Federal Department of Housing and Urban Development, Farmers Home Administration, Minnesota housing finance agency, and the local housing authority.

Subd. 4. [MANAGEMENT OF RESIDENTIAL UNITS.] The program design must address how to manage these residential units, including the source of financing for the maintenance costs of the buildings. Any management plan must include the participation of the residents and local established neighborhood groups.

Sec. 6. Minnesota Statutes 1988, section 268.366, is amended to read:

268.366 [REQUIREMENTS OF ORGANIZATIONS RECEIVING GRANTS.]

An organization that is awarded a planning grant under section 268.362 shall prepare and submit a an annual report to the commissioner by January 15, 1989 September 1 of each year. The report must address each include a discussion of the following:

- (1) the method process used for encouraging the participation of the targeted youth in the geographic area surrounding the organization receiving the grant;
- (2) the support services and social services that targeted youth require and the means of providing those services to program participants received under the program. Services may include client needs assessment, preemployment skills such as basic job skills and behavior, and intermediate needs such as education and chemical dependency treatment;
- (3) the type and degree of work experience that program partici-

pants ~~must participate in~~ received, including real work experience in both vocational and nonvocational settings;

(4) the amount of training subsidy or stipend that each participant ~~should receive~~ received while participating in the work experience component. The subsidy or stipend must reflect prevailing wage and benefits standards appropriate for preapprenticeship training unless a participant's receipt of public assistance is affected. The subsidy or stipend should be structured to include incentives for progress toward increasing job skills and completing secondary education;

(5) the ~~identification and~~ means of providing the necessary job readiness skills ~~so that~~ to program participants who have completed the work experience and educational components of the program ~~may have~~ so they have the ability to compete in the job market. These job search skills may include skills assessment, job search and selection, application preparation and assistance in preparing for job interviews;

(6) the methods that ~~may~~ be used to assist in placing program participants in suitable employment. The methods should include means of involving state government, businesses, labor organizations, community groups, and local jurisdictions in assisting in the placement;

(7) ~~a plan~~ the process used for evaluating the program, including the necessary data elements that ~~must~~ be collected from program participants after they have completed the program ~~to monitor~~ for monitoring the success of the program;

(8) the method used to maximize parental involvement in the program;

(9) the ~~identification of~~ existing public and private programs that ~~may be were~~ utilized by the program to avoid duplication of services;

(10) the ~~identification of~~ regional characteristics that ~~may affect~~ affected the operation of the program in the specific region where the organization is located;

(11) the ~~identification and~~ means of addressing the special needs of priority groups of targeted youth, ~~which groups may include~~ including:

(i) persons who are responsible for at least one dependent;

(ii) persons who are pregnant;

(iii) persons who are or have been subject to any stage of the criminal justice system and who may benefit from receiving employ-

ment and training services in overcoming barriers to employment resulting from a record of arrest or conviction;

(iv) persons receiving income maintenance services and social services, including chemical dependency treatment, vocational rehabilitation services, and protection services;

(v) persons who reside on a farm who personally derive or whose family derives a substantial portion of their income from farming, lack nonfarm work skills, or have limited access to vocational education or work experience opportunities;

(vi) homeless youth; and

(vii) minors who that are not financially dependent on a parent or a guardian;

(12) ~~cost~~ estimates costs for each of the components of the program; and

(13) the identification of the funding sources other than state appropriations that ~~may be~~ were used to support the program.

Sec. 7. Minnesota Statutes 1988, section 268.367, is amended to read:

268.367 [REPORT.]

The commissioner shall prepare and submit ~~a~~ an annual report to the legislature and the governor by ~~February~~ January 15, 1989 of each year, that ~~outlines the various program designs~~ summarizes the annual reports submitted by the organizations that received planning grants. The report ~~must~~ may also include recommendations on ~~which components of the improving the program designs~~ are most suitable to meeting to better meet the needs of targeted youth. The advisory committee must participate in the preparation of this report and in the formulation of ~~the~~ any recommendations.

Sec. 8. [1990 REPORT.]

The annual report for 1990 required under Minnesota Statutes, section 268.367, must include specific recommendations on whether the program should be continued on a permanent basis and, if continued, the state agency that should administer the program. In preparing this report and the recommendations, the commissioner of the state planning agency must consult with the eligible organizations receiving grants under section 9 and the advisory committee.

Sec. 9. [DEMONSTRATION GRANTS.]

Notwithstanding Minnesota Statutes, section 268.362, the commissioner of the state planning agency shall award demonstration grants to eligible organizations, as defined in Minnesota Statutes, section 268.361, subdivision 4, based on criteria established in the report required under Laws 1988, chapter 686, article 3, section 7.

Sec. 10. [APPROPRIATION.]

\$ is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of the state planning agency for the demonstration grants under section 9.

ARTICLE 5

YEAR OF THE CITY

Section 1. [469.201] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 8.

Subd. 2. [CITY.] "City" means a city of the first class as defined in section 410.01. For each city, a port authority, housing and redevelopment authority, or other agency or instrumentality, the jurisdiction of which is the territory of the city, is included within the meaning of city.

Subd. 3. [CITY COUNCIL.] "City council" means the city council of a city as defined in subdivision 2.

Subd. 4. [CITY MATCHING MONEY.] (a) "City matching money" means the money of a city specified in a revitalization program. The sources of city matching money may include:

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

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

(3) tax increments received by a city under sections 469.174 to 469.179 or other law, if eligible, to be spent in the targeted neighborhood;

(4) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal

property that a city contributes, grants, leases, or loans to a for-profit or nonprofit corporation, or other entity or individual in connection with the implementation of a revitalization program;

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

(6) money contributed by a city to pay issuance costs, fund bond reserves, or to otherwise provide financial support for revenue bonds or obligations issued by a city for a project or program related to the implementation of a revitalization program;

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

(8) money derived from the apportionment to the city under section 162.14, or by special law and expended in a targeted neighborhood for an activity related to the revitalization program;

(9) administrative expenses of the city that are incurred in connection with the planning, implementation, or reporting requirements of sections 1 to 8.

(b) City matching money does not include:

(1) city money used to provide a service or exercise a function that is ordinarily provided throughout the city, unless an increased level of the service or function is to be provided in a targeted neighborhood in accordance with a revitalization program;

(2) the proceeds of bonds issued by the city under chapter 462C or this chapter, and payable solely from repayments made by one or more nongovernmental persons in consideration for the financing provided by the bonds; or

(3) money given by the state to fund any part of the revitalization program.

Subd. 5. [CITY URBAN REVITALIZATION ACTION PROGRAM REVIEW BOARD; REVIEW BOARD.] "City urban revitalization action program review board" or "review board" means the board established under section 3, subdivision 5.

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of trade and economic development.

Subd. 7. [HOUSING ACTIVITIES.] "Housing activities" includes any work or undertaking to provide housing and related services and amenities primarily for persons and families of low- or moder-

ate-income. This work or undertaking may include the planning of buildings and improvements; the acquisition of real property which may be needed immediately or in the future for housing purposes and the demolition of any existing improvements; the construction, reconstruction, alteration, and repair of new and existing buildings; the provision of all equipment, facilities, and other real or personal property for necessary, convenient, or desirable appurtenances, streets, sewers except for those associated with combined sewer overflow projects, water service, utilities, site preparation, landscaping, and administrative, community health, recreation, welfare, or other purposes; and all related financing and operational activities. "Housing activities" also includes the provision of a housing rehabilitation and energy improvement loan and grant program with respect to any residential property located within the targeted neighborhood, the cost of relocation relating to acquiring property for housing activities, and programs authorized by chapter 462C.

Subd. 8. [LOST UNIT.] "Lost unit" means a rental housing unit that is lost as a result of revitalization activities because it is demolished, converted to an owner-occupied unit that is not a cooperative, converted to a nonresidential use, or because the gross rent to be charged exceeds 125 percent of the gross rent charged for the unit six months before the start of rehabilitation.

Subd. 9. [PERSONS AND FAMILIES OF LOW INCOME.] "Persons and families of low income" means persons and families of low income as defined in section 469.002, subdivision 17.

Subd. 10. [PERSONS AND FAMILIES OF MODERATE INCOME.] "Persons and families of moderate income" means persons and families of moderate income as defined in section 469.002, subdivision 18.

Subd. 11. [TARGETED NEIGHBORHOOD.] "Targeted neighborhood" means an area including one or more census tracts as determined and measured by the Bureau of Census of the United States Department of Commerce that a city council determines in a resolution adopted under section 2, subdivision 1, meets the criteria of section 2, subdivision 2, and any additional area designated under section 2, subdivision 3.

Subd. 12. [TARGETED NEIGHBORHOOD MONEY.] "Targeted neighborhood money" means the money designated in the revitalization program to be used to implement the revitalization program.

Subd. 13. [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM.] "Targeted neighborhood revitalization and financing program," "revitalization program," or "program" means the targeted neighborhood revitalization and financing program adopted in accordance with section 3.

Sec. 2. [469.202] [DESIGNATION OF TARGETED NEIGHBORHOODS.]

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

Subd. 2. [ELIGIBILITY REQUIREMENTS FOR TARGETED NEIGHBORHOODS.] An area within a city is eligible for designation as a targeted neighborhood if the area meets two of the following three criteria:

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

(b) The median household income in the area was no more than half the median household income for the Minneapolis and Saint Paul standard metropolitan statistical area as determined by the most recently available federal decennial census.

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

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

(b) The city may enlarge the targeted neighborhood to include portions of a census tract that is contiguous to a targeted neighborhood, provided that the city council first determines the additional area satisfies two of the three criteria in subdivision 2.

Sec. 3. [469.203] [TARGETED NEIGHBORHOOD REVITALIZATION AND FINANCING PROGRAM REQUIREMENTS.]

Subdivision 1. [COMPREHENSIVE REVITALIZATION AND FINANCING PROGRAM.] For each targeted neighborhood for which a city requests state financial assistance under section 4, the city

shall prepare a comprehensive revitalization and financing program that includes the following:

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

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

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

(4) a statement of the intended outcomes to be achieved by implementation of the revitalization program, how the outcomes will be measured both qualitatively and quantitatively, and the estimated time over which they will occur;

(5) a description of the process to involve the residents of the targeted neighborhood in the preparation and implementation of the program; and

(6) a financing program and budget that identifies the financial resources necessary to implement the revitalization program, including:

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

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

(iii) the estimated amount of financial resources that will be available from all sources other than from the appropriation available under section 4 to implement the revitalization program, including the amount of private investment expected to result from the use of public money in the targeted neighborhood;

(iv) the estimated amount of the appropriation available under section 4 that will be necessary to implement the revitalization program;

(v) a description of the activities identified in the revitalization program for which the state appropriation will be committed or spent; and

(vi) a statement of how the city intends to meet the requirement for a financial contribution from city matching money in accordance with section 4, subdivision 3.

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN PREPARING REVITALIZATION PROGRAM.] A city requesting state financial assistance under section 4 shall adopt a process to involve the residents of targeted neighborhoods in the planning, development, drafting, and implementation of the revitalization program. As part of the process, the city must ensure that this community-based process has sufficient resources to assist in the development of the revitalization program. The process to involve residents of the targeted neighborhood must include at least one public hearing. The city of Minneapolis shall establish the process as outlined in subdivisions 3 and 4. The cities of St. Paul and Duluth must establish the process outlined in subdivision 5.

Subd. 3. [COMMUNITY PARTICIPATION; MINNEAPOLIS.] (a) The city of Minneapolis shall adopt a process to involve the residents in targeted neighborhoods and assisted housing in planning, developing, and implementing the program. As part of this process, the city of Minneapolis shall ensure that this community-based process has sufficient resources to assist in the development of the program and that the advisory board is established.

(b) Beginning with the program for 1991, each targeted neighborhood or group of targeted neighborhoods in the city of Minneapolis must have a strategic planning group whose members include residents of the targeted neighborhood and representatives of institutions in the neighborhood. The group must, as part of its responsibilities, develop a strategic plan for the neighborhood. This strategic plan must include the elements that the planning group recommends as part of the program. The strategic plan must also address how the targeted neighborhood portions of the community resources program will be integrated with the elements that are recommended to be included as part of the community resources program. The groups must be the same strategic planning groups established for the community resources program.

(c) The city of Minneapolis must ensure that the strategic planning group required under paragraph (b) is established. An existing group or organization that reflects the required membership under paragraph (b) may be designated as the strategic planning group. The city of Minneapolis may provide financial and staff resources to ensure the establishment of the strategic planning groups, and may use part of the money received from the state under section 4 to assist in the establishment of the targeted neighborhood strategic planning groups.

(d) As part of the process for the development of the program, each targeted neighborhood strategic planning group must submit recommendations for the revitalization program to the city and the advisory board established under paragraph (e).

(e) The city of Minneapolis must establish a urban revitalization

action program advisory board to assist the city of Minneapolis in developing and implementing the preliminary revitalization program. The advisory board must consist of at least two representatives of the city council appointed by the city council, one or more for-profit or nonprofit housing developers, one or more representatives of the business community appointed by the city's chamber of commerce, and representatives of the targeted neighborhoods. The representatives of the targeted neighborhoods must represent a majority of the membership of the advisory board and reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The city of Minneapolis may determine the size of the advisory board and may designate an existing entity as the advisory board if the entity meets the membership requirements outlined in this subdivision.

(f) The advisory board shall work closely with city staff in developing and drafting the preliminary revitalization program. The advisory board shall be involved in assessing needs, prioritizing funds, and developing criteria for evaluating program proposals. In developing the preliminary program, the advisory board shall give priority to the recommendations made by the targeted neighborhood strategic planning groups.

(g) The advisory board shall conduct a public hearing and secure input from residents of targeted neighborhoods, business persons, governmental units affected by the program, and other organizations and persons.

(h) The advisory board may make any changes to the preliminary program resulting from testimony given at the public hearing. The advisory board shall formally recommend to the city council a preliminary revitalization program.

Subd. 4. [CITY OF MINNEAPOLIS APPROVAL.] (a) Before adoption of a revitalization program under clause (b) the city of Minneapolis shall submit a draft program to the commissioner, the Minnesota housing finance agency, and the state planning agency for their comments. The city may not adopt the revitalization program until comments have been received from the state agencies or 30 days have elapsed without response after the program was sent to them. Comments received by the city from the state agencies within the 30-day period must be responded to in writing by the city before adoption of the program by the city.

(b) The city of Minneapolis may adopt a revitalization program only after holding a public hearing after the program has been prepared. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing.

(c) A certification by the city of Minneapolis that a revitalization program has been approved by the city council for the targeted neighborhood must be provided to the commissioner together with a copy of the program. A copy of the program must also be provided to the Minnesota housing finance agency and the state planning agency.

(d) A revitalization program for the city of Minneapolis may be modified at any time by the city council after a public hearing, notice of which is published in a newspaper of general circulation in the city and in the targeted neighborhood not less than ten days nor more than 30 days before the date of the hearing. If the city council determines that the proposed modification is a significant modification to the program originally certified under clause (c), it must implement the revitalization program approval and certification process of this subdivision for the proposed modification.

Subd. 5. [CITIES OF ST. PAUL AND DULUTH APPROVAL.] (a) The cities of St. Paul and Duluth may approve the preliminary revitalization program developed through a process that includes the citizen participation required under subdivision 2 only after holding a public hearing. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. After the public hearing and after the city has incorporated any changes into the preliminary program as a result of the public hearing, the city may approve the preliminary program and shall submit the approved preliminary program for final approval to the review board.

(b) After approval, the cities of St. Paul and Duluth shall submit the preliminary program to the commissioner, the Minnesota housing finance agency, and the state planning agency for their comments. The state agencies have 30 days to provide comments to the preliminary program. State agency comments must be submitted in writing to the review board.

(c) The cities of St. Paul and Duluth shall each establish a city urban revitalization action program review board whose purpose is to review the preliminary program submitted by the city, and approve all or portions of the program. The review board consists of two city council members who represent targeted neighborhoods, two members representing the city's business community appointed by the chamber of commerce representing businesses in the city, and three residents of targeted neighborhoods appointed by the city council. Two members of the house of representatives and one member of the state senate appointed by the city's legislative delegation shall be nonvoting members of the review board. Non-voting legislative members of the review board shall represent targeted neighborhoods. A member of the review board who is appointed as a targeted neighborhood resident may not be a member

of a formal community planning organization, an elected public official, or in any way be involved in preparing or implementing the program or any portion of the program.

The review board may require the city to contract for staff assistance in reviewing and approving the program. Persons who provide staff assistance to the review board may not be city employees or in any way involved in a formal or informal organization representing residents of a targeted neighborhood. The city may use state money available under section 4 to pay for the costs of staffing the review board.

(d) The review board shall review the city's preliminary program and approve all or portions of the program. In reviewing the program, the review board shall take into account any comments submitted by state agencies under paragraph (b). The review board may approve all of the preliminary program and submit it to the city council for certification under paragraph (e) or submit for certification only those specific portions of the program approved by the review board. If the review board does not approve a portion of the program, it shall specify in writing to the city the reasons for not approving that portion of the program and any recommendations for changes. If the review board determines that a portion of the program needs significant changes, it may require the city to implement the community participation process and state review under this subdivision for making changes to that portion of the program.

(e) The city council may, by formal resolution, certify only those portions of a program approved by the review board under paragraph (d). A certification by the city council that all or portions of a revitalization program has been approved by the review board must be provided to the commissioner together with a copy of the approved portions of the program. A copy of the approved portions of the program must be submitted to the Minnesota housing finance agency and the state planning agency.

(f) A revitalization program may be modified at any time by the city after a public hearing and approval by the review board. Notice of the public hearing must be published in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. If the review board determines that the proposed modification is a significant modification to the program originally certified under paragraph (e), it must require the implementation of the revitalization program approval and certification process under this subdivision for the proposed modification.

Sec. 4. [469.204] [PAYMENT; CITY MATCHING MONEY; DRAW-DOWN; USES OF STATE MONEY.]

Subdivision 1. [PAYMENT OF STATE MONEY.] Upon receipt from a city of a certification that all or portions of a revitalization program has been adopted or modified, the commissioner shall, within 30 days, pay to the city the amount of state money identified as necessary to implement those portions of the revitalization program or program modification that have been approved by the review board and certified by the city. State money may be paid to the city only to the extent that the appropriation limit for the city specified in subdivision 2 is not exceeded. Once the state money has been paid to the city, it becomes targeted neighborhood money for use by the city in accordance with an adopted revitalization program and subject only to the restrictions on its use in sections 1 to 8.

Subd. 2. [ALLOCATION.] Each city of the first class, as defined in section 410.01, may receive a part of the appropriations made available that is the proportion that the population of such city bears to the combined population of such cities of the first class. One city may agree to reduce its entitlement amount and to make it available to another city. For the purposes of this subdivision the population of each city is determined according to the most recent estimates available to the commissioner. Interest earned by a city from money paid to the city must be repaid to the commissioner annually unless the revitalization program identifies the interest as necessary to implement the revitalization program and the requirement for city matching money is satisfied with respect to the interest.

Subd. 3. [CITY MATCHING MONEY; DRAWDOWN AND RESTRICTION ON USE OF STATE MONEY.] A city may spend state money only if the revitalization program identifies city matching money to be used to implement the program in an amount equal to 25 percent of the state appropriation paid to the city. A city shall keep the state money in a segregated fund for accounting purposes.

Sec. 5. [469.205] [CITY POWERS AND ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.]

Subdivision 1. [CONSOLIDATION OF EXISTING POWERS IN TARGETED NEIGHBORHOODS.] A city may exercise any of its corporate powers within a targeted neighborhood. Those powers shall include, but not be limited to, all of the powers enumerated and granted to any city by chapters 462C, this chapter, and chapter 474A. For the purposes of sections 469.048 to 469.068, a targeted neighborhood is considered an industrial development district. A city may exercise the powers of sections 469.048 to 469.068 in conjunction with, and in addition to, exercising the powers granted by sections 469.001 to 469.047 and chapter 462C, in order to promote and assist housing construction and rehabilitation within a targeted neighborhood. For the purposes of section 462C.02, subdivision 9, a targeted neighborhood is considered a "targeted area."

Subd. 2. [COMMUNITY INITIATIVES PROGRAM.] For purposes of this subdivision, "community" means all or part of a targeted neighborhood. A city may establish as part of the revitalization program, a community initiatives program. A community initiatives program, in addition to the authority granted by other law, permits a city to set aside funds and to develop a process to request proposals for the purpose of making grants, loans, and other forms of public assistance to nonprofit organizations, including neighborhood organizations, representing community residents. Such an organization may also represent residents from a contiguous neighborhood. The grants, loans, or other forms of public assistance may be used for the planning or implementation of activities to be included in the revitalization program for the community. The grants, loans, or other forms of public assistance used must contain the terms the city considers proper to implement a revitalization program for the community.

Subd. 3. [GRANTS AND LOANS.] In addition to the authority granted by other law, a city may make grants, loans, and other forms of public assistance to individuals, for-profit and nonprofit corporations, and other organizations to implement a revitalization program. The public assistance must contain the terms the city considers proper to implement a revitalization program.

Subd. 4. [ADDITIONAL AUTHORITY.] In addition to the authority granted in subdivisions 1, 2, and 3, and in section 6; a city may expend up to ten percent of its targeted neighborhood money to fund the cost of implementing the provisions of sections 463.15 to 463.26 in areas of the city located outside the targeted neighborhood. If the city uses funds for such purposes, it must describe the use of the funds in the revitalization program.

Subd. 5. [ELIGIBLE USES OF TARGETED NEIGHBORHOOD MONEY.] The city may spend targeted neighborhood money for any purpose authorized by subdivision 1, 2, 3, or 4, or section 6 except that an amount equal to at least 50 percent of the state payment under section 4 made to the city must be used for housing activities. Use of target neighborhood money must be authorized in a revitalization program.

Sec. 6. [469.206] [URBAN HOMESTEADING PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A city may establish, as part of the revitalization program, an urban homesteading program under this section.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "Contract for deed" is the agreement between the homebuyer and organization that meets the requirements of subdivision 8.

(b) "Neighborhood organization" or "organization" means a non-profit or cooperative organization or other organization designated by the city that demonstrates the capacity to perform the duties outlined in subdivision 5.

(c) "Eligible property" or "property" means a single family residential dwelling and surrounding property that is vacant, condemned, abandoned, or otherwise defined as eligible by the agency, which, if rehabilitated, will prevent or arrest the spread of blight as defined by the city.

(d) "Homebuyer" means an individual or family who has not owned a residential dwelling in the past three years and meets the definition of "at risk" established by the city under subdivision 4.

(e) "Designated home ownership area" or "designated area" means a specific four square block area where the acquisition, rehabilitation and sale of eligible properties may take place under this section.

(f) "Neighborhood volunteer resident advisory board" or "advisory board" means the board established by an organization under subdivision 6.

(g) "Program" means the urban homesteading program established in this section.

Subd. 3. [GRANTS.] The city may award grants of up to \$200,000 to neighborhood organizations. The grants must be used by the organization to buy eligible properties and pay for the costs of rehabilitating those properties. Up to \$30,000 of the grant award may be used for the administrative costs of the organization and for other costs associated with the acquisition and sale of properties under this program including the payment of taxes on the property during the period between the purchase and sale of the property.

Subd. 4. [CITY POWERS; DUTIES.] (a) The city shall:

(1) establish criteria for selecting which neighborhood organizations that apply for grants under this section receive the grants;

(2) establish criteria for targeting the program to homebuyers who are at risk which is defined to include families and individuals who are homeless, receiving public assistance, have recently experienced chemical abuse, are recently unemployed, are high school dropouts or otherwise have limited educational backgrounds, and other factors that might drive the family or individual away from becoming self-sufficient;

(3) establish the terms and provisions of the contract for deed under subdivision 8;

(4) establish the standards for being a good neighbor in consultation with other agencies and organizations. The good neighbor standards must include:

(i) attendance at home maintenance classes organized by the neighborhood organization;

(ii) continued maintenance of the property to insure that the property retains its value;

(iii) attendance at job training, chemical dependency services, educational programs, including progress toward a G.E.D., and other social services that would move the homebuyer toward self-sufficiency;

(iv) participation in neighborhood functions including assisting others in home maintenance; and

(v) that there is no reasonable evidence that the homebuyer is engaged in criminal activity;

(5) establish construction and safety standards for properties that have been rehabilitated that must be met prior to the organization selling the property to a homebuyer. These standards must ensure that there are not any expected major repairs necessary for at least five years;

(6) work with organizations in seeking waivers from building code requirements that may be barriers to providing affordable housing but do not jeopardize the structural integrity or safety of the property;

(7) monitor financial and other activities related to this program of the organizations that have received grants under this section including auditing the financial records of the organizations.

(b) The city may require that all contracts related to properties under the program, including the contract for deed under subdivision 8, be approved by the city before the execution of the contract. The city may also require appraisals of property under the program.

Subd. 5. [NEIGHBORHOOD ORGANIZATION; CAPACITY.] The neighborhood organization shall demonstrate to the city that it has the capacity to:

(1) organize and continue an ongoing relationship with the

neighborhood volunteer resident advisory boards required under subdivision 6;

(2) provide the necessary staff to administer the program on the neighborhood level for an extended period of time;

(3) link homebuyers who buy property under this program to social services that may be required to move the homebuyer toward self-sufficiency and to maintain the good neighbor provisions of the contract for deed under subdivision 8;

(4) select and acquire property that meets the requirements established for this program and contract with businesses or organizations for the rehabilitation of the property;

(5) raise funds or in-kind contributions from persons, foundations, government units, and businesses to assist in the funding for this program. In-kind contributions may include tools and equipment for the tool library and property at no or minimal cost to the organization;

(6) organize and maintain or arrange for a tool library for the lending of tools to homebuyers and other residents of the neighborhood area for the maintenance or improvement of their property;

(7) provide or arrange for classes on home maintenance and other topics relevant to homebuyers and other neighborhood residents; and

(8) monitor the progress of homebuyers who have acquired property under this section to determine if they maintain the good neighbor policies required under subdivision 8.

Subd. 6. [NEIGHBORHOOD VOLUNTEER RESIDENT ADVISORY BOARD.] Each neighborhood organization shall establish a neighborhood volunteer resident advisory board for each designated area. The advisory board must consist of residents of the designated area who reflect the racial composition of the area and who have demonstrated a commitment to strengthening their neighborhood and assisting homebuyers. At least 30 percent of the advisory board must be minority residents. The advisory board shall:

(1) recommend to the organization properties that may be acquired for the program in the designated area;

(2) consent to the purchase of properties by the organization for the program;

(3) recommend to the organization the selection of homebuyers;

(4) make recommendations for any termination of a contract for deed made under subdivision 11;

(5) assist and nurture the homebuyer by ensuring the homebuyer receives training in home maintenance and the necessary social services to move the homebuyer toward self-sufficiency; and

(6) assist the organization in monitoring the homebuyer's progress in maintaining the good neighborhood provisions of the contract for deed.

Subd. 7. [PURCHASE AND REHABILITATION.] A neighborhood organization may acquire up to five properties in a designated area with the consent of the advisory board for that area. The organization must rehabilitate these properties to the standards established by the city. All rehabilitation of the properties except menial labor must be contracted out to businesses or organizations experienced in rehabilitation of residential property. The total maximum cost of the acquisition, rehabilitation, closing costs, and back taxes must be no greater than \$50,000 per individual property.

Subd. 8. [SALE OF PROPERTY TO HOMEBUYER.] The neighborhood organization may sell rehabilitated property to homebuyers. The organization's selection of the homebuyer must have the recommendation of the advisory board in the designated area in which the property is located. The organization may not discriminate against the homebuyer in the sale of the property based on race or sex. A contract for deed agreement between the homebuyer and the organization must be entered into for each sale of property under this subdivision. The terms and other provisions of the contract for deed must be established by the city and the following requirements must be included in the contract:

(1) the organization shall retain title to the property until the entire purchase price is paid to the organization;

(2) the purchase price paid by the homebuyer must be equal to the total costs of acquiring and rehabilitating the property;

(3) no down payment or interest payment may be required of the homebuyer;

(4) the monthly payment may not exceed 30 percent of the homebuyer's gross monthly income and must be applied according to subdivision 9;

(5) the organization shall retain the option to require verification of a homebuyer's income;

(6) the organization shall retain the option to require escrow for

payment of property taxes, hazard insurance, and utilities; or the organization may require a verification that payments of property taxes, hazard insurance, and utilities have been made by the homeowner;

(7) the homebuyer may prepay the entire purchase price at any time during the term of the contract for deed and the title to the property must be transferred to the homeowner at the time of prepayment;

(8) the organization has the option to repurchase the property according to the terms established under subdivision 10;

(9) the homebuyer agrees to meet the good neighbor standards set by the city; and

(10) any other requirements established by the city that meet the requirements and purposes of this section.

Subd. 9. [APPLICATION OF CONTRACT FOR DEED PAYMENTS.] (a) The monthly payments required under subdivision 8 must be applied or distributed in the following order:

(1) property taxes due on the property;

(2) utility payments including electricity, heat, sewer, and water;

(3) hazard insurance for the property;

(4) reasonable administrative costs of the organization directly related to the property;

(5) an escrow account for the maintenance and improvement to the property; and

(6) a seed account maintained by the organization for further acquisition and rehabilitation of eligible properties under this program.

(b) The city may audit the financial records of the organization to determine if the organization is collecting reasonable administrative costs from the monthly payment.

(c) If the monthly payment is not sufficient to pay the property taxes, utility payments, and hazard insurance, the organization may use money from the seed account, money received from the grant award under subdivision 3, or other money of the organization to pay the difference. An amount equal to the amount that would offset the difference between the monthly payment and payments

for property taxes, utilities, and insurance must be added to the contract purchase price.

(d) If the monthly payment is not sufficient to pay the taxes, utilities, and hazard insurance, the homebuyer shall agree to work toward increasing the homebuyer's income so that monthly payments are sufficient to pay the taxes, utilities, and hazard insurance. If the organization determines that the homebuyer is not making sufficient effort to increase the homebuyer's income after one year, the organization may find that the homebuyer has failed to meet good neighbor standards and the contract for deed may be terminated.

Subd. 10. [RIGHT TO REPURCHASE.] The neighborhood organization has the option to repurchase the property if the homebuyer rents, assigns, vacates, transfers, or offers to sell the property within 20 years of the purchase of the property from the organization. This option to repurchase does not apply to a transfer of the property to a surviving joint tenant or heir of the homebuyer. If the organization chooses not to exercise its option to repurchase the property, the city may repurchase the property.

The repurchase price paid by the organization or the city under this subdivision must equal the sum of:

(1) the total amount paid by the homeowner to the organization under the contract for deed;

(2) the product of the amount in clause (1) and the increase in inflation based on the housing component of the federal Consumer Price Index;

(3) the value of any major improvements to the property that were paid directly by the homebuyer and were not part of the monthly payment required under subdivision 8; and

(4) the sweat equity the homeowner has contributed to the property.

The amount of the homebuyer's sweat equity will be determined annually between the organization and homebuyer and must be an amendment to the contract for deed required under subdivision 8. The total repurchase price may not exceed 150 percent of the amount in clause (1).

Subd. 11. [TERMINATION OF CONTRACT FOR DEED.] The contract for deed under subdivision 8 may be terminated by the neighborhood organization, upon the recommendation of the advisory board, if any of the following occurs:

(1) the homebuyer fails to make timely payments required by the contract for deed;

(2) the homebuyer refuses to provide verification of income at the request of the organization;

(3) the homebuyer fails to adequately maintain the property in compliance with all state, county, or municipal building, fire, health, or other codes and standards applicable to housing;

(4) the homebuyer is found to be guilty of a criminal action relating to controlled substances, firearms, assault, or other serious offenses as determined by the city; or

(5) the homebuyer fails to meet the good neighbor standards established by the city.

If the organization terminates the contract for deed, the homebuyer may be evicted from the property. The homebuyer is not entitled to any compensation for the payments made for the property when a contract for deed is terminated.

Subd. 12. [SUCCESSOR TO NEIGHBORHOOD ORGANIZATION.] If a neighborhood organization is dissolved for any purpose or if the city determines that the organization is unable to administer the program; the city is the legal successor in any properties and accounts related to the program, and all contracts, property, and liabilities of the organization related to the program are the contracts, property, and liabilities of the city.

Sec. 7. [469.207] [HAZARDOUS PROPERTY PENALTY.]

A city may assess a penalty up to one percent of the market value of real property, including any building located within the city that the city determines to be hazardous as defined in section 463.15, subdivision 3. The city shall send a written notice to the address to which the property tax statement is sent at least 90 days before it may assess the penalty. If the owner of the property has not paid the penalty and fixed the property within 90 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the same manner as delinquent property taxes.

If a property that has had a hazardous property penalty assessed against it under this section and is subsequently improved with, or otherwise benefits from, targeted neighborhood money, then an amount equal to the total penalty assessed against the property

under this section must be spent from the general fund of the city in the targeted neighborhood for purposes that meet the requirements of the program.

Sec. 8. [469.208] [ANNUAL AUDIT AND REPORT.]

Subdivision 1. [ANNUAL FINANCIAL AUDIT.] In 1989 and subsequent years, at the end of each calendar year, the legislative auditor shall conduct a financial audit to review the spending of state money under sections 1 to 7. Before spending state money to implement a revitalization program, the city must consult with the legislative auditor to determine appropriate accounting methods and principles that will assist the legislative auditor in conducting its financial audit. The results of the financial audit must be submitted to the legislative audit commission, the commissioner, the state planning agency, and the Minnesota housing finance agency.

Subd. 2. [ANNUAL REPORT.] A city that begins to implement a revitalization program in a calendar year must, by March 1 of the succeeding calendar year, provide a detailed report on the revitalization program or programs being implemented in the city. The report must describe the status of the program implementation and analyze whether the intended outcomes identified in section 3, subdivision 1, clause (4), are being achieved. The report must include at least the following:

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

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

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

(4) the increase in the tax capacity for the city as a result of the assistance to commercial and housing assistance; and

(5) the amount of private investment that is a result of the use of public money in a targeted neighborhood.

The report must be submitted to the commissioner, the Minnesota housing finance agency, the state planning agency, and the legislative audit commission, and must be available to the public.

Sec. 9. Minnesota Statutes 1988, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION; USE; EXCHANGE.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. All parcels of land becoming the property of the state in trust under the provisions of any law now existing or hereafter enacted declaring the forfeiture of lands to the state for taxes, shall be classified by the county board of the county wherein such parcels lie as conservation or nonconservation. Such classification shall be made with consideration, among other things, to the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. Such classification, furthermore, shall aid: to encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; to facilitate reduction of governmental expenditures; to conserve and develop the natural resources; and to foster and develop agriculture and other industries in the districts and places best suited thereto.

In making such classification the county board may make use of such data and information as may be made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing information pertinent thereto at the time such classification is made. Such lands may be reclassified from time to time as the county board may deem necessary or desirable, except as to conservation lands held by the state free from any trust in favor of any taxing district.

If any such lands are located within the boundaries of any organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale shall first be approved by the town board of such town or the governing body of such municipality insofar as the lands located therein are concerned. The town board of the town or the governing body of the municipality will be deemed to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire

any parcel lying in the town or municipality by procedures authorized in this subdivision, it shall, within 90 days of the request for classification or reclassification and sale, file a written application with the county board to withhold the parcel from public sale. The county board shall then withhold the parcel from public sale for one year.

Any tax-forfeited lands may be sold by the county board to any organized or incorporated governmental subdivision of the state for any public purpose for which such subdivision is authorized to acquire property or may be released from the trust in favor of the taxing districts upon application of any state agency for any authorized use at not less than their value as determined by the county board. The commissioner of revenue shall have power to convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to any governmental subdivision for any authorized public use, provided that an application therefor shall be submitted to the commissioner with a statement of facts as to the use to be made of such tract and the need therefor and the recommendation of the county board; and provided further, that upon application of a political subdivision and the filing with the commissioner of revenue and the county board of a resolution adopted by the governing body of the political subdivision finding that the conveyance of a tract of tax-forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property, the commissioner of revenue shall convey by deed in the name of the state the tract of land to the political subdivision. The deed of conveyance shall be upon a form approved by the attorney general and shall be conditioned upon continued use for the purpose stated in the application, provided, however, that if the governing body of such governmental subdivision by resolution determines that some other public use shall be made of such lands, and such change of use is approved by the county board and an application for such change of use is made to, and approved by, the commissioner, such changed use may be made of such lands without the necessity of the governing body conveying the lands back to the state and securing a new conveyance from the state to the governmental subdivision for such new public use.

Whenever any governmental subdivision to which any tax-forfeited land has been conveyed for a specified public use as provided in this section shall fail to put such land to such use, or to some other authorized public use as provided herein, or shall abandon such use, the governing body of the subdivision shall authorize the proper officers to convey the same, or such portion thereof not required for an authorized public use, to the state of Minnesota, and such officers shall execute a deed of such conveyance forthwith, which conveyance shall be subject to the approval of the commissioner and in form approved by the attorney general, provided, however, that a sale, lease, transfer or other conveyance of such lands by a housing and redevelopment authority, a port authority, an economic develop-

ment authority, or a city as authorized by sections 469.001 to 469.047 chapter 469 or by sections 1 to 8 shall not be an abandonment of such use and such lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, a port authority, an economic development authority, or a city referring to a conveyance by it and stating that the conveyance has been made as authorized by sections 469.001 to 469.047 chapter 469 or by sections 1 to 8 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by this subdivision will then terminate. No vote of the people shall be required for such conveyance. In case any such land shall not be so conveyed to the state, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the same to have reverted to the state, and shall serve a notice thereof, with a copy of the declaration, by certified mail upon the clerk or recorder of the governmental subdivision concerned, provided, that no declaration of reversion shall be made earlier than five years from the date of conveyance for failure to put such land to such use or from the date of abandonment of such use if such lands have been put to such use. The commissioner shall file the original declaration in the commissioner's office, with verified proof of service as herein required. The governmental subdivision may appeal to the district court of the county in which the land lies by filing with the court administrator a notice of appeal, specifying the grounds of appeal and the description of the land involved, mailing a copy thereof by certified mail to the commissioner of revenue, and filing a copy thereof for record with the county recorder or registrar of titles, all within 30 days after the mailing of the notice of reversion. The appeal shall be tried by the court in like manner as a civil action. If no appeal is taken as herein provided, the declaration of reversion shall be final. The commissioner of revenue shall file for record with the county recorder or registrar of titles, of the county within which the land lies, a certified copy of the declaration of reversion and proof of service.

Any city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, which has acquired tax-forfeited land for a specified public use pursuant to the terms of this section, may convey said land in exchange for other land of substantially equal worth located in said city of the first class, provided that the land conveyed to said city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, in exchange shall be subject to the public use and reversionary provisions of this section; the tax-forfeited land so conveyed shall thereafter be free and discharged from the public use and reversionary provisions of this section, provided that said exchange shall in no way affect the mineral or mineral rights of the state of Minnesota, if any, in the lands so exchanged.

Sec. 10. Minnesota Statutes 1988, section 462C.02, is amended by adding a subdivision to read:

Subd. 12. [LOAN.] "Loan" means:

(1) for single family housing, any loan, mortgage, or other form of owner financing; and

(2) for multifamily housing developments which are rental property, any loan, mortgage, financing lease, or revenue agreement.

Sec. 11. Minnesota Statutes 1988, section 462C.02, is amended by adding a subdivision to read:

Subd. 13. [REVENUE AGREEMENT] "Revenue agreement" has the meaning given that term in section 469.153, subdivision 10.

Sec. 12. Minnesota Statutes 1988, section 462C.05, is amended by adding a subdivision to read:

Subd. 8. [REVENUE AGREEMENT AND FINANCING LEASE.] Any revenue agreement or financing lease that includes a provision for a conveyance of real estate to the lessee or contracting party may be terminated in accordance with the revenue agreement or financing lease, notwithstanding that the revenue agreement or financing lease may constitute an equitable mortgage. No financing lease of any development shall be subject to section 504.02, unless expressly so provided in the financing lease. Leases of specific dwelling units in the development to the tenants thereof are not affected by this subdivision.

Sec. 13. Minnesota Statutes 1988, section 463.15, subdivision 3, is amended to read:

Subd. 3. [HAZARDOUS BUILDING PROPERTY.] "Real property, including any building, shall be deemed hazardous building" means any building which if the property, because of inadequate maintenance, dilapidation, physical damage, unsanitary condition, or abandonment, constitutes a fire hazard or a hazard to public safety or health.

Sec. 14. Minnesota Statutes 1988, section 463.15, subdivision 4, is amended to read:

Subd. 4. [OWNER, OWNER OF RECORD, AND LIEN HOLDER OF RECORD.] "Owner," "owner of record," and "lien holder of record" means a person having a right or interest in property to which Laws 1967, chapter 324, applies described in subdivision 3 and evidence of which is filed and recorded in the office of the county recorder or registrar of titles in the county in which the property is situated.

Sec. 15. Minnesota Statutes 1988, section 580.031, is amended to read:

580.031 [MINIMUM NOTICE.]

Subdivision 1. [EIGHT WEEKS' NOTICE.] Notwithstanding the provisions of any other law to the contrary and except as otherwise provided in subdivision 2, eight weeks' published notice must be given prior to the foreclosure sale of a homestead to which sections 583.01 to 583.12 apply if the notice is published for the first time after May 24, 1983, and prior to May 1, 1985, after June 8, 1985, and prior to May 1, 1987, or after the effective date of Laws 1987, chapter 292, and prior to May 1, 1989. The notice must contain the information specified in section 580.04.

At least eight weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied.

Subd. 2. [FOUR WEEKS' NOTICE.] Notwithstanding subdivision 1, four weeks' published notice must be given prior to the foreclosure sale of an abandoned nonagricultural residential dwelling consisting of less than five units. The notice must contain the information specified in section 580.04.

Sec. 16. Minnesota Statutes 1988, section 580.23, is amended by adding a subdivision to read:

Subd. 1a. [UNOCCUPIED PROPERTY.] Notwithstanding subdivision 1, the mortgagor or the mortgagor's personal representatives or assigns, within one month after a sale, may redeem all abandoned nonagricultural residential dwellings consisting of less than five units.

Sec. 17. [APPROPRIATION; DISTRIBUTION.]

\$ is appropriated from the general fund to the commissioner of trade and economic development for payment to the cities referred to in section 4, subdivision 2. \$ is for fiscal year 1989 and \$ is for fiscal year 1990.

Sec. 18. [REPEALER.]

Laws 1987, chapter 386, article 6, sections 4 to 11, and Laws 1987, chapter 384, article 3, section 22, are repealed provided that actions taken under those provisions prior to the effective date of this chapter with respect to any program or a targeted neighborhood are ratified and affirmed and shall be treated as if validly taken under the provisions of this act.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 15 and 17 are effective the day after final enactment, provided that the provisions of sections 1 to 4 and 5, subdivisions 2 and 4, shall not apply to any program funded by the state in fiscal year 1988.

ARTICLE 6

CENTRAL CITY HOUSING REHABILITATION

Section 1. Laws 1974, chapter 285, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; HOUSING ACQUISITION AND REHABILITATION LOAN AND GRANT PROGRAM; PURPOSE.] The legislature of the state of Minnesota finds that preservation of the quality of life in a major metropolitan city is dependent upon the preservation of adequate housing, that many houses in the city of Minneapolis do not meet the applicable housing code or otherwise need rehabilitation or modernizing, that there is a need for a comprehensive housing rehabilitation program in the city of Minneapolis which will complement any statewide housing rehabilitation program, that some home owners are unable to afford any rehabilitation expenses, that many home owners are unable to afford housing rehabilitation loans at market rate of interest, and that because the availability of mortgage credit for housing rehabilitation is limited some home owners cannot obtain such credit, and that reinvestment in the housing stock by rehabilitating and updating homes is necessary to maintain the stability of neighborhoods in the city. The legislature further finds that the construction of housing to replace individual dilapidated and obsolete buildings, for which rehabilitation is not economically feasible, is necessary to increase the stability and maintain the value of housing in established neighborhoods.

Sec. 2. Laws 1974, chapter 285, section 2, is amended to read:

Sec. 2. [CITY OF MINNEAPOLIS; HOUSING REHABILITATION LOAN PROGRAM.] The city of Minneapolis is authorized to develop and administer a housing rehabilitation loan program with respect to property located anywhere within its boundaries on such terms and conditions as it determines; provided that in approving applications for this such a program, the following factors shall be considered:

- (1) The availability of other governmental programs affordable by the applicant;
- (2) The availability and affordability of private market financing;

(3) Whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) Whether the housing is required, pursuant to a court order issued under Minnesota Statutes, 1973 Supplement, Section 566.25, Clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) Whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under Title XII of the National Housing Act; and further provided that all loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes.

(6) Whether rehabilitation of the housing will maintain or improve the value of the housing and will help to stabilize the neighborhood in which the housing is located.

Sec. 3. Laws 1974, chapter 285, is amended by adding a new section to read:

Sec. 2a. [NEW SINGLE FAMILY RESIDENCES.]

Any housing rehabilitation loan program undertaken under section 2 may also provide for the city to make or purchase loans made to finance the acquisition of single family residences that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this section, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual under a development agreement in which the individual has agreed to construct single family housing on such land. In approving applications for a loan to be made under this section, the following factors shall be considered:

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of such housing enhances the stability of the neighborhood in which it is located.

Sec. 4. Laws 1974, chapter 285, section 3, is amended to read:

Sec. 3. [CITY OF MINNEAPOLIS; HOUSING REHABILITATION GRANT PROGRAM.] The city of Minneapolis is authorized to develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on such terms and conditions as it determines; provided that in approving applications

for grants under this program, all of the considerations and limitations enumerated in section 2 for loans must be considered in making grants under this program, and the following factors must also be considered:

(1) Whether the housing unit is a single family dwelling or homesteaded unit and

(2) Whether the applicant is a person of low income; and further provided that the city council of the city of Minneapolis shall by ordinance set forth the regulations for this its grant program; and further provided that the dollar value of grants made shall not exceed five percent of the total value of the bonds issued for the loan and grant program together, and that all grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes.

Sec. 5. Laws 1974, chapter 285, section 4, is amended to read:

Sec. 4. [ISSUANCE OF BONDS.] To finance the programs authorized in sections 2, 2a, and 3 of this act, the governing body of the city of Minneapolis may by resolution authorize, issue, and sell general obligation bonds of the city of Minneapolis in accordance with the provisions of Minnesota Statutes, Chapter 475. The total amount of all bonds outstanding for the programs shall not exceed \$10,000,000 \$25,000,000. The amount of all bonds issued shall not be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 6. [SAINT PAUL; HOUSING ACQUISITION AND REHABILITATION LOAN AND GRANT PROGRAM; PURPOSE.]

The legislature of the state of Minnesota finds that preservation of the quality of life in a major metropolitan city is dependent upon the preservation of adequate housing, that many houses in the city of Saint Paul do not meet the applicable housing code or otherwise need rehabilitation or modernizing, that there is a need for a comprehensive housing rehabilitation program in the city of Saint Paul which will complement any statewide housing rehabilitation program, that some homeowners are unable to afford any rehabilitation expenses, that many homeowners are unable to afford housing rehabilitation loans at market rate of interest, that because the availability of mortgage credit for housing rehabilitation is limited some homeowners cannot obtain such credit, and that reinvestment in the housing stock by rehabilitating and updating homes is necessary to maintain the stability of neighborhoods in the city. The legislature further finds that the construction of housing to replace individual dilapidated and obsolete buildings, for which rehabilitation is not economically feasible, is necessary to increase the stability and maintain the value of housing in established neighborhoods.

Sec. 7. [CITY OF SAINT PAUL; HOUSING REHABILITATION LOAN PROGRAM.]

The city of Saint Paul is authorized to develop and administer a housing rehabilitation loan program with respect to property located anywhere within its boundaries on such terms and conditions as it determines; provided that in approving applications for such a program, the following factors shall be considered:

(1) the availability of other governmental programs affordable by the applicant;

(2) the availability and affordability of private market financing;

(3) whether the housing is required, under an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) whether the housing is required, under a court order issued under Minnesota Statutes, section 566.25, clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under title XII of the National Housing Act; and

(6) whether rehabilitation of the housing will maintain or improve the value of the housing and will help to stabilize the neighborhood in which the housing is located.

Sec. 8. [NEW SINGLE FAMILY RESIDENCES.]

Any housing rehabilitation loan program undertaken under section 7 may also provide for the city to make or purchase loans made to finance the acquisition of single family residences that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this section, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual under a development agreement in which the individual has agreed to construct single family housing on such land. In approving applications for a loan to be made under this section, the following factors shall be considered:

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of such housing enhances the stability of the neighborhood in which it is located.

Sec. 9. [CITY OF SAINT PAUL; HOUSING REHABILITATION GRANT PROGRAM.]

The city of Saint Paul is authorized to develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on such terms and conditions as it determines; provided that in approving applications for grants under this program, all of the considerations and limitations enumerated in section 7 for loans must be considered and the following factors must also be considered:

(1) whether the housing unit is a single family dwelling or homesteaded unit; and

(2) whether the applicant is a person of low income; and further provided that the city council of the city of Saint Paul shall by ordinance set forth the regulations for its grant program; and further provided that the dollar value of grants made shall not exceed five percent of the total value of the bonds issued for the loan and grant program together, and that all grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes.

Sec. 10. [ISSUANCE OF BONDS.]

To finance the programs authorized in sections 6 to 9, the governing body of the city of Saint Paul may by resolution authorize, issue, and sell general obligation bonds of the city of Saint Paul in accordance with the provisions of Minnesota Statutes, chapter 475. The total amount of all bonds outstanding for the programs shall not exceed \$25,000,000. The amount of all bonds issued shall not be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 11. [EFFECTIVE DATE; REHABILITATION LOAN AND GRANT PROGRAM.]

Sections 1 to 10 are effective the day after enactment without local approval in accordance with Minnesota Statutes, section 645.023, subdivision 1, clause (a).

ARTICLE 7

OTHER HOUSING PROVISIONS

Section 1. [363.035] [FAIR HOUSING EDUCATION AND PUBLIC INFORMATION PROGRAM.]

The commissioner of human rights may establish and administer a fair housing education and public information program. The purpose of the program is to educate persons on fair housing laws and policies, and to promote open housing practices. The fair housing education and public information program consists of:

- (1) a public information advertising campaign;
- (2) a fair housing information library;
- (3) a fair housing education campaign for children in grades K to 12; and
- (4) fair housing education and training seminars for realtors, lenders, housing developers, and rental property owners.

Sec. 2. Minnesota Statutes 1988, section 462A.05, subdivision 24, is amended to read:

Subd. 24. It may engage in housing programs for low and moderate income elderly, handicapped, or developmentally disabled persons, as defined by the agency, to provide grants or loans, with or without interest, for

(1) accessibility improvements to residences occupied by elderly persons;

(2) housing sponsors, as defined by the agency, of home sharing programs to match existing elderly homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, handicapped, or developmentally disabled;

(3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and

(4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead credit under chapter 273, and the property tax refund act under chapter 290A.

Sec. 3. Minnesota Statutes 1988, section 469.007, is amended to read:

469.007 [POWERS OF COUNTY AND MULTICOUNTY AUTHORITIES.]

Subdivision 1. [POWERS.] A county or multicounty authority and its commissioners shall, within the area of operation of the authority, have the same functions, rights, powers, duties, privileges, immunities, and limitations as are provided for housing and redevelopment authorities created for cities, and for the commissioners of those authorities. The provisions of law applicable to housing and redevelopment authorities created for cities and their commissioners shall be applicable to county and multicounty authorities and their commissioners, except as clearly indicated otherwise.

Subd. 2. [POWERS AS TO HOUSING DEVELOPMENT PROJECTS.] When a county or multicounty authority undertakes any housing project or housing development project involving the acquisition of multifamily housing rental properties that (1) were financed under the Federal Section 8 or Section 236 programs, or (2) are designed to be affordable to persons or families with incomes not greater than 80 percent of median income for the metropolitan statistical area or nonmetropolitan county, and are located within any village, city, or township, the authority shall notify the governing body of such village, city, or township in writing of the location of such housing project or housing development project. If the governing body fails to take action on a housing project or housing development project in a writing which sets forth its reasons for such action within 30 days, the governing body shall be deemed to have approved the location of such housing project or housing development project for purposes of any special or general law requiring local approval of the location of housing projects and housing development projects undertaken by county or multicounty authorities.

Sec. 4. Minnesota Statutes 1988, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to

469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

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

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

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

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compen-

sation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

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

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 469.001 to 469.047;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided

in section 475.66 for the deposit and investment of debt service funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and

undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5); and

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual; and

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing.

Sec. 5. [471.9997] [HOUSING IMPACT STATEMENT.]

Before public funds may be released for any development project that causes the removal of five or more units of low-income housing, a housing impact statement must be prepared and made available for public inspection by the state agency, board, commission, or local government unit providing the public funds. A housing impact statement must include the following:

(1) a description of the adverse effect on low-income housing as a result of a development project's activity;

(2) a statement of whether or not the affected community has a

sufficient amount of affordable housing to accommodate low-income persons displaced by the development project; and

(3) a description of the amount, type, and cost of replacement housing that is necessary.

This section does not apply to property that has been vacant for two or more years.

Sec. 6. [APPROPRIATIONS; HOMESHARING PROGRAM.]

\$1,000,000 is appropriated from the general fund for the biennium ending June 30, 1991, to the Minnesota housing finance agency for the homesharing program under section 2.

Sec. 7. [EFFECTIVE DATE.]

Section 3 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to housing; authorizing the establishment of affordable housing programs under the administration of the Minnesota housing finance agency; establishing a neighborhood preservation program; revising certain tenant damage provisions in landlord-tenant actions; regulating tenant screening services; establishing a housing consolidated calendar project; providing for rent escrow systems; providing for building repair fines; establishing a rental to homeownership conversion program; changing the youth employment and housing program from a design phase to an implementation phase; establishing a targeted neighborhood revitalization and financing program; revising the Minneapolis acquisition and rehabilitation loan and grant program; establishing the St. Paul housing acquisition and rehabilitation loan and grant program; establishing a fair housing education and public information program; expanding the homesharing program; requiring housing impact statements; revising certain housing receivership provisions; changing notice and redemption provisions for certain types of properties; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 268.361, subdivision 4, and by adding a subdivision; 268.362; 268.364; 268.365; 268.366; 268.367; 282.01, subdivision 1; 462A.05, subdivisions 24, 27, and by adding subdivisions; 462A.21, subdivisions 4k, 8, 12, and by adding subdivisions; 462C.02, by adding subdivisions; 462C.05, by adding a subdivision; 463.15, subdivisions 3 and 4; 463.21; 469.007; 469.012, subdivision 1; 504.255; 504.26; 566.175, subdivision 1; 566.29, subdivisions 1, 4, and by adding subdivisions; 580.031; 580.23, by adding a subdivision; and Laws 1974, chapter 285, sections 1, 2, 3, 4, and by adding a section; proposing coding for new law in Minnesota Statutes, chapters 256; 268; 363; 462A; 462C; 469; 471; 504 and 566;

repealing Laws 1987, chapter 386, article 6, sections 4, 5, 6, 7, 8, 9, 10, and 11, and chapter 384, article 3, section 22."

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

The report was adopted.

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

H. F. No. 540, A bill for an act relating to community development; providing for a community resources program for cities of the first class; appropriating money; amending Minnesota Statutes 1988, section 145.882, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 144 and 254A; proposing coding for new law as Minnesota Statutes, chapter 466A.

Reported the same back with the following amendments:

Delete page 10, line 17, to page 14, line 26, and insert:

"Subd. 4. [COMMUNITY PARTICIPATION.] (a) Each city must adopt a process to involve the residents in targeted neighborhoods in planning, developing, and implementing the community resources program. As part of the process, the city must ensure that the community-based process has sufficient resources to assist in the development of the program.

(b) Beginning with the program for 1991, each targeted neighborhood or group of targeted neighborhoods must have a strategic planning group whose members include residents of the targeted neighborhood. Each strategic planning group must be the same group designated for providing recommendations for the development of the urban revitalization action plan. The group must, as part of its responsibilities, develop a strategic plan that must include the activities that the planning group recommends as part of the community resource program. The strategic plan must also address how the community resource program activities will be integrated into a comprehensive approach toward meeting the needs of the neighborhood and its residents, including those activities proposed or included in the urban revitalization action program.

(c) The city must ensure that the strategic planning group required under paragraph (b) is established. An existing group or organization which includes neighborhood residents may be designated by the city as the strategic planning group. The city may provide financial and staff resources to ensure the establishment of the strategic planning groups. The city may use community re-

source money to assist in the establishment of the targeted neighborhood strategic planning groups.

(d) For 1989 and 1990, the process adopted by the city under paragraph (a) shall be used to develop prioritized recommendations for use of community resource program money within each targeted neighborhood. The prioritized recommendations must include the specific neighborhood programs and services that will help achieve the statutory objectives of the programs. After a public hearing is held in each targeted neighborhood to discuss the prioritized recommendations, the prioritized recommendations shall be forwarded to the city for consideration.

(e) For 1991 and subsequent years, as part of the process for the development of the city's community resources program, each targeted neighborhood strategic planning group must develop its prioritized recommendations for the use of community resource program money. The prioritized recommendations must include the specific neighborhood programs and services that will help achieve the objectives of the programs. After a public hearing is held in each targeted neighborhood to discuss the prioritized recommendations, the prioritized recommendations shall be forwarded to the city for consideration.

Subd. 5. [ADVISORY COMMITTEE.] The governing body of a city requesting state financial assistance under section 11 may establish an advisory committee to assist the city in developing and implementing the city's community resources program. The advisory committee may include city council members, county commissioners, school board members, community service representatives, business community representatives, legislators, and representatives of targeted neighborhoods. If an advisory committee is established by the city, the representatives of targeted neighborhoods must represent a majority of the membership of the advisory committee and reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The city may determine the size of the advisory committee and may designate an existing entity as the advisory committee if the entity meets the membership requirements outlined in this subdivision.

Subd. 6. [REVIEW BY AFFECTED GOVERNMENTAL UNITS.] The city may develop a process to consult with affected governmental units including the state, county, and school districts. These affected governmental units may provide technical and informational assistance to the city to ensure that the community resources program is coordinated with activities and services provided by other governmental units and does not unnecessarily duplicate any existing services.

Subd. 7. [DEVELOPMENT OF PROGRAMS.] The city must develop and draft a preliminary community resources program. In

developing the preliminary program for 1989 and 1990, the city of Minneapolis must give priority to the recommendations made through the process established in subdivision 4, paragraph (a). In developing the program for 1991 and subsequent years, the city of Minneapolis must give priority to the recommendations made by the targeted neighborhood strategic planning groups.

A city may approve the preliminary community resources program only after holding a public hearing. Notice of the hearing must be provided in a newspaper of general circulation in the city and in the targeted neighborhoods not less than ten days nor more than 30 days before the date of the hearing. In addition, to the maximum extent possible, notice shall be published in the most widely circulated community newspaper in the targeted neighborhoods. After the public hearing and after the city has incorporated any changes into the preliminary program as a result of the public hearing, the city may approve the preliminary program and must submit the approved preliminary program to the city review board.

Subd. 8. [CITY REVIEW BOARD.] (a) Each city shall establish a city review board whose purpose is to review and comment on the preliminary community resources program submitted by the city. The city review board appointed under this subdivision must be the same city review board appointed for the review of the urban revitalization action plan. The city review board shall consist of two city council members who represent targeted neighborhoods appointed by the city council, one county board member appointed by the county board, one school board member appointed by the school board, one for profit or nonprofit housing developer appointed by the city council, one business representative appointed by the city's chamber of commerce, and at least seven representatives of the targeted neighborhoods appointed by the city council. The representatives of the targeted neighborhoods must reflect the geographic, cultural, racial, and ethnic diversity of the targeted neighborhoods. The targeted neighborhoods strategic planning groups may recommend a list of names to the city council for appointment to the city review board. Two members of the house of representatives and one member of the senate appointed by the city's legislative delegation shall be nonvoting members of the city review board. Nonvoting legislative members of the city review board must represent one or more targeted neighborhoods.

(b) The city review board may require the city to contract for temporary staff assistance in reviewing and approving the program. Persons who provide staff assistance to the city review board may not be city employees or in any way involved in a formal or informal organization representing residents of a targeted neighborhood. The city may use state money available under section 11 to pay for the costs of staffing the city review board. The city must make all information requested by the city review board relating to the development of the program available to the city review board.

(c) In reviewing the city's preliminary community resources program, the city review board shall ensure that the following review criteria are satisfied:

(1) the city followed the process required under subdivisions 4 to 7 for developing the community resources program;

(2) the activities to be funded by the program are community resource services that meet the objectives under subdivision 2;

(3) the activities to be funded do not result in duplication of existing services;

(4) the community resources program does not result in undue concentration of community resources program money in a single proposed activity or project; and

(5) in 1991 and subsequent years for the city of Minneapolis only, the activities to be funded are compatible with the prioritized recommendations submitted to the city by the neighborhood strategic planning groups. In 1989 and 1990 programs for the city of Minneapolis only, the activities to be funded are compatible with the prioritized recommendations submitted to the city through the process adopted under subdivision 4, paragraph (a).

The city review board may not reject or require modification of the city's preliminary community resources program unless the city's preliminary program, or process used to develop the program, does not satisfy all of the required review criteria. If the city review board rejects a city's preliminary program for failing to satisfy one or more of the required review criteria, the board must notify the city in writing within 45 days after receiving the preliminary program, stating its basis for determining that one or more of the required review criteria were not satisfied. The city must address the written concerns of the review board before it may resubmit a new preliminary program to the board.

(d) In addition to reviewing the city's community resources program to ensure that it meets the review criteria outlined in paragraph (c), the city review board shall review and comment on the overall quality of the city's preliminary program. In reviewing the 1989 and 1990 programs, the city review board shall compare the city's preliminary program to the prioritized recommendations submitted to the city through the process adopted under subdivision 4, paragraph (a). In reviewing the 1991 and subsequent year programs, the city review board shall compare the city's preliminary program to the prioritized recommendations submitted to the city by the targeted neighborhood strategic planning groups. The city review board shall determine if the city gave adequate consideration to the recommendations of the targeted neighborhood strategic planning groups.

The city review board may provide comments and recommendations on the overall quality of the city's preliminary program to the city in writing within 45 days after receiving the preliminary program. Except as provided for under paragraph (c), the city review board may not require the city to modify its preliminary program. If the city review board makes recommendations for modifying the city's preliminary program and the city decides not to accept those recommendations, the city may specify in writing the reasons for not accepting the city review board's recommendations.

(e) Within 45 days after receiving the city's preliminary community resources program which satisfies all of the required review criteria outlined in paragraph (c), the city review board shall submit the preliminary program, along with any comments or recommendations, to the city for final certification.

Subd. 9. [PROGRAM CERTIFICATION.] The city council may incorporate the recommendations of the city review board into its community resources program. The city council, after public hearing and by formal resolution, must adopt and certify the community resources program.

Copies of the community resources program must be forwarded to the county board and the school board. The community resources program must be forwarded to the state planning agency for funding. The city must certify to the commissioner of state planning that:

(1) the community resources program has been reviewed by the city review board; and

(2) the city review board found that the city's program satisfied the required review criteria outlined in subdivision 8, paragraph (c)."

Page 14, line 27, delete "11" and insert "10"

Page 14, line 29, delete "community resources advisory" and insert "city review"

Page 14, line 36, delete "advisory" and insert "city review"

Page 15, line 2, delete "10" and insert "9"

Page 15, line 4, delete "5 to 10" and insert "4 to 9"

Page 15, after line 4, insert:

"Subd. 11. [STATE EVALUATION OF PROGRAMS.] The state planning agency, in consultation with other appropriate state

agencies, shall monitor the planning, development, and implementation of the community resources programs in the cities. The state planning agency shall determine if:

(1) the program development process required by subdivisions 4 to 9 is providing adequate neighborhood participation in the planning, drafting, and implementation of the programs;

(2) the programs are effectively achieving the objective required under subdivision 2 and the objectives outlined in the programs themselves; and

(3) private funding is being used to partially fund the activities established under the programs.

The state planning agency shall provide an interim report to the legislature by January 1, 1990, with a final report of its findings due by January 1, 1991."

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

The report was adopted.

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 619, A bill for an act relating to electric utilities; clarifying authority of public utilities commission to change boundaries of electric utility service areas; amending Minnesota Statutes 1988, section 216B.39, subdivisions 3, 5, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [STUDY; ELECTRIC UTILITY SERVICE AREAS.]

Subdivision 1. [TASK FORCE.] A task force is created to consist of five members of the house of representatives appointed by the speaker of the house, five members of the senate appointed by the subcommittee on committees of the committee on rules and administration, the chair of the public utilities commission or the chair's designate, the commissioner of public service or the commissioner's designate, a representative of an investor owned electric utility to be appointed by the governor, a representative of cooperative electric associations to be chosen by the rural electric association, and a representative of municipal power agencies to be chosen by the

municipal utilities association. The task force shall study issues relating to changes in boundaries of electric utility service areas and shall report its findings and recommendations to the legislature by February 1, 1990. At least one member from each house of the legislature must be a member of the minority caucus.

Subd. 2. [DEFINITION.] For purposes of this section, "electric utility" or "utility" means a wholesale or retail cooperative electric association and a municipal electric utility as well as a public utility regulated under Minnesota Statutes, chapter 216B.

Subd. 3. [STUDY.] The study must address all issues relating to the setting and changing of service area boundaries, including, but not limited to:

(1) the extent, if any, to which rates within service areas should be a factor in determining or changing service area boundaries;

(2) why and how excess capacity occurs and whether it should be reduced through short-term or long-term sale or lease, permanent sale of capacity, or other means;

(3) the extent, if any, to which excess capacity of a utility and the need of another utility for additional power should be a factor in determining or changing service areas;

(4) the effect on rates, and on the potential for equalization of rates among utilities, of capacity-reduction options;

(5) plant efficiency, including operating efficiency and operating costs, management practices, and the impact of any federal regulation or oversight;

(6) the impact on economic development;

(7) rate-making policies and procedures; and

(8) municipal authority and the relationship between service area boundaries and municipal boundaries.

Subd. 4. [AGENCY, UTILITY COOPERATION.] The public utilities commission and the department of public service shall cooperate with the task force. Utilities shall furnish information, including access to their financial and other records, to the task force, the public utilities commission, or the department of public service upon request.

Subd. 5. [STAFF.] The task force shall use legislative staff, and the public utilities commission and department of public service shall make staff available to assist the task force.

Subd. 6. [CONSULTANTS; ASSESSMENT OF COSTS.] The public utilities commission may employ the services of consultants to assist the task force and may assess the costs associated with the task force study, but not more than \$200,000, to the affected utilities in proportion to their gross operating revenues. The commission shall use the proceeds of any assessment under this subdivision to cover its own costs and those incurred by the department of public service, including costs associated with providing staff assistance to the task force.

Subd. 7. [SUBPOENA POWER.] The task force may request the issuance of subpoenas, including subpoenas duces tecum, in the same manner as a standing or interim committee under Minnesota Statutes, section 3.153. A subpoena requested by the task force may be issued by either the chief clerk of the house of representatives or the secretary of the senate. Service and enforcement of a subpoena is governed by section 3.153.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to electric utilities; service areas; establishing a task force to study issues relating to service area boundary changes; authorizing the public utilities commission to assess costs associated with the study."

With the recommendation that when so amended the bill pass.

The report was adopted.

Long from the Committee on Taxes to which was referred:

H. F. No. 654, A bill for an act relating to education; providing for general education revenue, transportation, special programs, community education, school facilities and equipment, education organization and cooperation, access to education excellence, school breakfast programs, sexual harassment and violence policies, parental involvement programs, libraries, state education agencies and education agency services, providing for limits on open enrollment and post-secondary options; appropriating money; amending Minnesota Statutes 1988, sections 43A.08, subdivision 1a; 120.06, by adding a subdivision; 120.062, subdivisions 4, 6, and by adding a subdivision; 120.17, subdivisions 3, 3b, and by adding a subdivision; 121.88, subdivisions 2 and 5; 121.882, subdivisions 2 and 4; 121.904, subdivision 4a; 121.908, subdivision 5; 121.912, subdivision 1; 121.935, subdivision 6; 122.23, by adding a subdivision; 122.43, subdivision 1; 122.532, subdivision 4; 122.541, subdivision 5; 122.91;

122.92; 122.93, subdivision 2, and by adding subdivisions; 122.94, subdivision 1, and by adding a subdivision; 122.95, subdivision 2, and by adding a subdivision; 123.3514, subdivisions 2, 4, 4c, 5, 7, and 10; 123.39, by adding a subdivision; 123.58, subdivision 6; 123.702, subdivisions 1, 1a, 2, 3, 4, and by adding subdivisions; 123.703, by adding subdivisions; 123.705, subdivision 1, and by adding a subdivision; 124.17, subdivision 1b; 124.19, subdivision 5; 124.195, subdivision 8; 124.223; 124.225; 124.243, subdivision 3, and by adding a subdivision; 124.244, subdivision 2; 124.245, subdivision 3b; 124.26, by adding a subdivision; 124.261; 124.271, by adding subdivisions; 124.2711, subdivisions 1, 3, 4, and by adding a subdivision; 124.2721; 124.273, subdivision 1b, 4, 5, 7, and by adding a subdivision; 124.32, subdivisions 1b, 1d, and by adding a subdivision; 124.43, subdivision 1, and by adding a subdivision; 124.494, subdivision 2; 124.573, subdivision 2b, and by adding subdivisions; 124.574, subdivisions 1, 4, and 5; 124.575, subdivision 3; 124.71, subdivision 1; 124.83, subdivisions 3, 4, and 6; 124A.02, by adding a subdivision; 124A.03, subdivision 2; 124A.035, subdivisions 2 and 4; 124A.036, by adding a subdivision; 124A.22, subdivisions 2, 4, and 9; 124A.23, subdivision 1; 124A.28, subdivision 1; 124A.31; 126.151, subdivision 2; 126.23; 126.56, subdivision 4, and by adding a subdivision; 126.67, subdivision 8; 128A.09; 129.121, by adding a subdivision; 129C.10; 134.33, subdivision 1; 134.34, subdivisions 1, 2, 3, and 4; 134.35, subdivision 5; 136D.27, subdivision 1; 136D.74, subdivision 2; 136D.87, subdivision 1; 141.35; 275.125, subdivisions 5, 5b, 5c, 5e, 8, 8b, 8c, 8e, 11d, and by adding a subdivision; 354.094, subdivisions 1 and 2; 354.66, subdivision 4; 354A.091, subdivisions 1 and 2; 354A.094, subdivision 4; and 363.06, subdivision 3; Laws 1988, chapter 718, article 7, section 61, subdivisions 1, 2, and 3; proposing coding for new law in Minnesota Statutes, chapters 122; 124; 124A; 126; 127; 275; and 363; repealing Minnesota Statutes 1988, sections 120.062, subdivision 8; 123.702, subdivisions 1a, 5, 6, and 7; 124.217; 124.243, subdivision 4; 124.271, subdivision 26; 129B.11; 129B.48; 134.33, subdivision 1; 134.34, subdivision 5; and 275.125, subdivision 6f; Laws 1988, chapter 718, article 5, section 4.

Reported the same back with the following amendments:

Page 7, after line 21, insert "Beginning July 1, 1991, this reduction applies only against referendum levies passed on or after June 1, 1989."

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

The report was adopted.

Ogren from the Committee on Health and Human Services to which was referred:

H. F. No. 728, A bill for an act relating to occupations and

professions; regulating nursing; proposing the Minnesota nurse practice act; providing penalties; amending Minnesota Statutes 1988, sections 144A.43, subdivision 3; 145A.02, subdivision 18; 148.171; 148.181; 148.191; 148.211; 148.231; 148.241; 148.251; 148.261; 148.271; 148.281; and 148.283; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1988, sections 145A.06, subdivision 3; 148.191, subdivision 3; 148.221; 148.251, subdivision 2; 148.261, subdivision 3; 148.272; 148.281, subdivision 1a; 148.286; 148.29; 148.291; 148.292; 148.293; 148.294; 148.295; 148.296; 148.297; 148.298; and 148.299.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 144A.43, subdivision 3, is amended to read:

Subd. 3. [HOME CARE SERVICE.] "Home care service" means any of the following services when delivered in a place of residence to a person whose illness, disability, or physical condition creates a need for the service:

- (1) nursing services, including the services of a home health aide;
- (2) personal care services not included under sections ~~148.171 to 148.299~~ 148.285;
- (3) physical therapy;
- (4) speech therapy;
- (5) respiratory therapy;
- (6) occupational therapy;
- (7) nutritional services;
- (8) home management services when provided to a person who is unable to perform these activities due to illness, disability, or physical condition. Home management services include at least two of the following services: housekeeping, meal preparation, laundry, shopping, and other similar services;
- (9) medical social services;
- (10) the provision of medical supplies and equipment when accompanied by the provision of a home care service;

(11) the provision of a hospice program as specified in section 144A.48; and

(12) other similar medical services and health-related support services identified by the commissioner in rule.

Sec. 2. Minnesota Statutes 1988, section 145A.02, subdivision 18, is amended to read:

Subd. 18. [PUBLIC HEALTH NURSE.] "Public health nurse" means a person who is licensed as a registered nurse by the Minnesota board of nursing under section sections 148.171 to 148.285 and who meets the voluntary certification standards registration requirements established by the commissioner in relation to section 145A.06, subdivision 3 board of nursing.

Sec. 3. Minnesota Statutes 1988, section 148.171, is amended to read:

148.171 [DEFINITIONS.]

Sections 148.171 to 148.285 shall be referred to as the Minnesota nurse practice act.

As used in sections 148.171 to 148.285:

(1) The term "Board" shall mean means the Minnesota board of nursing.

(2) The term "Registered Nurse," abbreviated R.N., shall mean a natural person means an individual licensed by the Minnesota board of nursing to practice professional nursing.

(3) The practice of professional nursing means the performance for compensation or personal profit of the professional interpersonal service of: (a) providing a nursing assessment of the actual or potential health needs of individuals, families, or communities; (b) providing nursing care supportive to or restorative of life by functions such as skilled ministration of nursing care, supervising and teaching nursing personnel, health teaching and counseling, case finding and referral to other health resources; and (c) evaluating these actions.

The practice of professional nursing includes both independent nursing functions and delegated medical functions which may be performed in collaboration with other health team members, or may be delegated by the professional nurse to other nursing personnel. Independent nursing function may also be performed autonomously. The practice of professional nursing requires that level of special education, knowledge, and skill ordinarily expected of an individual

who has completed an approved professional nursing education program as described in section 148.211, subdivision 1. A registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse-midwives and who is certified through the national professional nursing organization for nurse-midwives may prescribe and administer drugs and therapeutic devices within practice as a nurse-midwife.

(4) "Licensed practical nurse," abbreviated L.P.N., means an individual licensed by the board to practice practical nursing.

(5) The practice of practical nursing means the performance for compensation or personal profit of any of those services in observing and caring for the ill, injured, or infirm, in applying counsel and procedure to safeguard life and health, in administering medication and treatment prescribed by a licensed health professional, which are commonly performed by licensed practical nurses and which require specialized knowledge and skill such as are taught or acquired in an approved school of practical nursing, but which do not require the specialized education, knowledge, and skill of a registered nurse.

(6) "Nurse" means registered nurse and licensed practical nurse unless the context clearly refers to only one category.

(7) "Nursing assistant" means an individual providing nursing or nursing-related services that do not require the specialized knowledge and skill of a nurse, at the direction of a nurse, but does not include a licensed health professional or an individual who volunteers to provide such services without monetary compensation.

(8) "Public health nurse" means a registered nurse who meets the voluntary registration requirements established by the board by rule.

Sec. 4. Minnesota Statutes 1988, section 148.181, is amended to read:

148.181 [BOARD OF NURSING; MEMBERSHIP, APPOINTMENTS, VACANCIES, REMOVALS DISCLOSURE.]

Subdivision 1. [MEMBERSHIP.] The board of nursing shall consist of 11 members appointed by the governor, each of whom shall be a resident of this state. Five members shall be registered nurses, each of whom shall have graduated from an approved school of nursing, shall be licensed as a registered nurse in this state, and shall have had at least five years experience in nursing practice, nursing administration, or nursing education immediately preceding appointment. ~~Two~~ One of the five shall have had at least two years executive or teaching experience in a professional nursing

education program approved by the board under section 148.251 during the five years immediately preceding appointment, and one of the five shall have had at least two years executive or teaching experience in a practical nursing education program approved by the board under section 148.251 during the five years immediately preceding appointment. Three members shall be licensed practical nurses each of whom shall have graduated from an approved school of nursing, shall be licensed as a licensed practical nurse in this state, and shall have had at least five years experience in nursing practice immediately preceding appointment. The remaining three members shall be public members as defined by section 214.02. Membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of staff, administrative services and office space; the review and processing of complaints; the setting of board fees; and other provisions relating to board operations shall be as provided in sections 148.171 to 148.285 and chapter 214 and Laws 1976, chapter 222, sections 2 to 7. Each member of the board shall file with the secretary of state the constitutional oath of office before beginning the term of office.

Subd. 2. [VACANCIES.] On expiration of the term of a member who is a registered nurse, the governor may appoint a registered nurse from a list of members submitted by professional nursing groups. Likewise on expiration of the term of a member who is a licensed practical nurse, the governor may appoint a licensed practical nurse from a list of members submitted by licensed practical nursing groups. These lists should contain names of persons in number at least twice the number of places to be filled. Vacancies occurring on the board, when the member is a registered nurse or a licensed practical nurse, may be filled for the unexpired terms by appointments to be made by the governor from nominations submitted by nursing groups in the manner aforesaid or from other recommendations. Members shall hold office until a successor is appointed and qualified.

Subd. 3. [DISCLOSURE.] All communications or information received by or disclosed to the board relating to any person or matter subject to its regulatory jurisdiction, and all records of any action or proceedings, except a final decision of the board, are private data on individuals as defined in section 13.02, subdivision 12, and any disciplinary hearing shall be closed to the public.

Upon application of a party in a proceeding before the board under section 148.261, the board shall produce and permit the inspection and copying, by or on behalf of the moving party, of any designated documents or papers relevant to the proceedings, in accordance with rule 34 of the Minnesota rules of civil procedure.

Sec. 5. Minnesota Statutes 1988, section 148.191, is amended to read:

148.191 [OFFICERS; RULES; EXECUTIVE DIRECTOR STAFF; POWERS.]

Subdivision 1. [OFFICERS; STAFF.] The board shall elect from its members a president, a vice-president and a secretary-treasurer who shall each serve for one year or until a successor is elected and qualifies. The board shall appoint and employ an executive ~~secretary~~ director and may employ such persons as may be necessary to carry on its work. A majority of the board, including one officer, shall constitute a quorum at any meeting.

Subd. 2. [POWERS.] (a) The board is authorized to adopt and, from time to time, revise rules not inconsistent with the law, as may be necessary to enable it to carry into effect the provisions of sections 148.171 to ~~148.299~~ 148.285. The board shall prescribe by rule curricula and standards for schools and courses preparing persons for licensure under sections 148.171 to ~~148.299~~ 148.285. It shall conduct or provide for surveys of such schools and courses at such times as it may deem necessary. It shall approve such schools and courses as meet the requirements of sections 148.171 to ~~148.299~~ 148.285 and board rules. It shall examine, license and renew the license of duly qualified applicants. It shall hold examinations at least once in each year at such time and place as it may determine. It shall by rule adopt, evaluate and periodically revise, as necessary, requirements for licensure and for registration and renewal of registration as defined in section 148.231. It shall cause the prosecution of all persons violating sections 148.171 to ~~148.299~~ 148.285 and have power to incur such necessary expense therefor. It shall register public health nurses who meet educational and other requirements established by the board by rule, including payment of a fee. Prior to the adoption of rules the board shall use the same procedures used by the department of health to certify public health nurses. It shall have power to issue subpoenas, and to compel the attendance of witnesses and the production of all necessary documents and other evidentiary material. Any board member may administer oaths to witnesses, or take their affirmation. It shall keep a record of all its proceedings.

(b) The board shall have access to hospital, nursing home, and other medical records of a patient cared for by a nurse under review. If the board does not have a written consent from a patient permitting access to the patient's records, the nurse or facility shall delete any data in the record that identifies the patient before providing it to the board. The board shall have access to such other records as reasonably requested by the board to assist the board in its investigation. Nothing herein may be construed to allow access to any records protected by section 145.64. The board shall maintain

any records obtained pursuant to this paragraph as investigative data under chapter 13.

~~Subd. 3. The board may employ such persons as may be necessary to carry on its work.~~

Sec. 6. Minnesota Statutes 1988, section 148.211, is amended to read:

148.211 [LICENSING.]

Subdivision 1. [LICENSURE BY EXAMINATION.] An applicant for a license to practice as a registered nurse or licensed practical nurse shall apply to the board for a license by examination on forms prescribed by the board and pay a fee in an amount determined by rule. An applicant applying for reexamination shall pay a fee in an amount determined by rule. In no case shall fees be refunded.

Before being scheduled for examination, the applicant shall provide written evidence verified by oath that the applicant (a) is of good moral character; (b) is in good mental health; (c) (1) has not engaged in conduct warranting disciplinary action as set forth in section 148.261; (2) meets secondary education requirements as determined by the board and other preliminary qualification requirements the board may prescribe by rule; and (d) (3) either has completed a course of study in a professional nursing program approved by the board or is enrolled in the final term of study in such program. The board shall annually publish and distribute to secondary school counselors the requirements for licensure for practice in Minnesota. The nursing program must be approved for the preparation of applicants for the type of license for which the application has been submitted.

The applicant shall be required to pass a written examination in the subjects the board may determine. Each written examination may be supplemented by an oral or practical examination. An applicant failing to pass any portion of the examination shall be deemed to have failed the examination and may apply for reexamination in the subjects or sections failed.

Refusal to supply information necessary to determine the qualifications of an applicant may result in denial of the application.

Upon submission by the applicant of an affidavit of graduation from an approved nursing program as well as proof that the applicant has passed the examination, paid the required fees and met all other requirements stated in this subdivision, the board shall issue a license to the applicant. The board may issue a license with conditions and limitations if it considers it necessary to protect the public.

Subd. 2. [LICENSURE BY ENDORSEMENT.] The board ~~may~~ shall issue a license to practice professional nursing as a ~~registered nurse~~ or practical nursing without examination to an applicant who has been duly licensed or registered as a ~~registered professional nurse~~ under the laws of another state, territory, or foreign country, if in the opinion of the board the applicant has the qualifications equivalent to the qualifications required in this state as stated in subdivision 1, all other laws not inconsistent with this section, and rules promulgated by the board.

Subd. 4. [EDUCATION WAIVED.] A person who has been licensed as a licensed practical nurse in another state, who has passed a licensing examination acceptable to the board, and who has had 24 months of experience as a licensed practical nurse in the five years prior to applying for a license is not required to meet any additional educational requirements.

Subd. 5. [DENIAL OF LICENSE.] Refusal of an applicant to supply information necessary to determine the applicant's qualifications, failure to demonstrate qualifications, or failure to satisfy the requirements for a license contained in this section or rules of the board may result in denial of a license. The burden of proof is upon the applicant to demonstrate the qualifications and satisfaction of the requirements.

Sec. 7. [148.212] [TEMPORARY PERMIT.]

Upon receipt of the applicable fee and in accordance with rules of the board, the board may issue a nonrenewable temporary permit to practice professional or practical nursing to an applicant for licensure who is not the subject of a pending investigation or disciplinary action, nor disqualified for any other reason, under the following circumstances:

(a) The applicant for licensure under section 148.211, subdivision 1, has graduated from an approved nursing program and has applied to write the first examination for licensure given by the board following graduation. The permit holder must practice professional or practical nursing under the direct supervision of a registered nurse. The permit is valid from the date of graduation until the date the board takes action on the application.

(b) The applicant for licensure under section 148.211, subdivision 2, has graduated from an approved nursing program in another state or territory and has written the first examination for licensure given by that jurisdiction's board following graduation. The examination must be the same examination required under section 148.211. The permit holder must practice professional or practical nursing under the direct supervision of a registered nurse. The permit shall be valid from the date of graduation or completion of

the examination, whichever is later, until the date of board action on the application.

(c) The applicant for licensure under section 148.211, subdivision 2, is currently licensed to practice professional or practical nursing in another state, territory, or Canadian province. The permit shall be valid from submission of a proper request until the date of board action on the application.

(d) The applicant for reregistration under section 148.231, subdivision 5, is currently registered in a formal, structured refresher course for nurses that includes clinical practice.

Sec. 8. Minnesota Statutes 1988, section 148.231, is amended to read:

148.231 [TASK FORCE; REGISTRATION; NONPRACTICING LIST FAILURE TO REGISTER; REREGISTRATION; VERIFICATION.]

Subdivision 1. [REGISTRATION.] Every person licensed to practice professional or practical nursing must also maintain with the board, a current registration for practice as a registered nurse or licensed practical nurse which must be renewed at regular intervals stipulated established by the board by rule. ~~Upon adoption by the board of rules establishing procedures and minimum requirements for successful completion of specified continuing education as hereinafter provided,~~ No certificate of registration shall be issued by the board to a nurse until the nurse has submitted satisfactory evidence of compliance with the procedures and minimum requirements established by the board.

The fee for periodic registration for practice as a registered nurse shall be determined by the board by rule. A penalty fee shall be added for any application received after the required date as specified by the board by rule. Upon receipt of the application and the required fees, the board shall verify the application and the evidence of completion of continuing education requirements in effect, and thereupon issue to the applicant nurse a certificate of registration for the next renewal period.

Subd. 4. [FAILURE TO REGISTER.] Any person licensed under the provisions of sections 148.171 to 148.285 who fails to ~~reregister~~ register within the required period ~~hereinafter provided~~ shall not be entitled to practice nursing in this state as a registered nurse or licensed practical nurse.

Subd. 5. [REREGISTRATION.] ~~When~~ A person ~~on~~ whose registration has lapsed desiring to resume practice ~~the person~~ shall make application for reregistration, and submit satisfactory evidence of

compliance with the procedures and ~~minimum~~ requirements established by the board for continuing education, and pay the registration fee for the current period to the board. Thereupon, the registration certificate shall be issued to such applicant, and such the person who shall immediately be placed on the practicing list as a registered nurse or licensed practical nurse.

Subd. 6. [FEE FOR LICENSE VERIFICATION.] A person licensed under the provisions of sections 148.171 to 148.285 who requests the board to verify a Minnesota license to another jurisdiction state, territory, or country or to an agency, facility, school or institution shall pay a fee to the board for each verification.

Sec. 9. [148.2315] [REGISTRATION OF PUBLIC HEALTH NURSES.]

A public health nurse certified for public health duties by the commissioner of health under section 145A.06, subdivision 3, or previous authority must be deemed to be registered as a public health nurse under the provisions of sections 148.171 to 148.285.

Sec. 10. Minnesota Statutes 1988, section 148.241, is amended to read:

148.241 [EXPENSES.]

Subdivision 1. [APPROPRIATION.] The expenses of administering sections 148.171 to ~~148.209~~ 148.285 shall be paid from the appropriation made to the Minnesota board of nursing.

Subd. 2. [EXPENDITURE.] All amounts appropriated to the board shall be held subject to the order of the board to be used only for the purpose of meeting necessary expenses incurred in the performance of the purposes of sections 148.171 to 148.285, and the duties imposed thereby as well as the promotion of nursing education and standards of nursing care in this state.

Sec. 11. Minnesota Statutes 1988, section 148.251, is amended to read:

148.251 [SCHOOL OF NURSING PROGRAM.]

Subdivision 1. [INITIAL APPROVAL.] An institution desiring to conduct a school of nursing program shall apply to the board and submit evidence that:

(1) It is prepared to provide a program of theory and practice in professional or practical nursing as prescribed in the curriculum that meets the program approval standards adopted by the board. Such instruction and required experience may be secured obtained

in one or more institutions or agencies approved by the board outside the applying institution as long as the nursing program retains accountability for all clinical and nonclinical teaching.

(2) It is prepared to meet other standards established by law and by the board.

Subd. 2. A survey of the institution or institutions with which the school is to be affiliated shall be made by a qualified representative of the board. Such representative shall submit a written report of the survey to the board. If the board determines that the requirements for an approved school of nursing are met, it shall designate the school as an approved school of nursing.

Subd. 3. [CONTINUING APPROVAL.] From time to time as deemed necessary by the board, it shall be the duty of the board, through its representatives, to survey all schools of nursing programs in the state. Written reports of such surveys shall be submitted to the board by the representative. If the results of the survey show that a nursing program meets all board rules, the board shall continue approval of the nursing program.

Subd. 4. [LOSS OF APPROVAL.] If the board determines that any an approved school of nursing program is not maintaining the standards required by the statutes and by the board rules, notice thereof in writing specifying the defect or defects shall be given to the school program. If a school which program fails to correct these conditions to the satisfaction of the board within a reasonable time, approval of the program shall be revoked and the program shall be removed from the list of approved schools of nursing programs.

Subd. 5. [REINSTATEMENT OF APPROVAL.] The board shall reinstate approval of a nursing program upon submission of satisfactory evidence that its program of theory and practice meets the standards required by statutes and board rules.

Subd. 4. 6. [ADVANCED STANDING.] Associate degree nursing programs approved or seeking to be approved by the board shall provide for advanced standing for licensed practical nurses in recognition of their nursing education and experience. The board shall adopt rules by July 1, 1982 to implement this section.

Sec. 12. Minnesota Statutes 1988, section 148.261, is amended to read:

148.261 [REVOCATION OF LICENSE GROUNDS FOR DISCIPLINARY ACTION.]

Subdivision 1. [GROUNDS LISTED.] The board shall have power to deny, ~~suspend~~, revoke, suspend, limit, or restrict condition the

license and registration of any person to practice professional or practical nursing pursuant to sections 148.171 to 148.285, or to otherwise discipline a licensee or applicant upon proof that the person, as described in section 12. The following are grounds for disciplinary action:

(1) Failure to demonstrate the qualifications or satisfy the requirements for a license contained in section 148.171 to 148.285 or rules of the board. The burden of proof is upon the applicant to demonstrate the qualifications or satisfaction of the requirements.

Has employed (2) Employing fraud or deceit in procuring or attempting to procure a permit, license, or registration certificate to practice nursing as a registered nurse or annual registration for the practice of professional or practical nursing; or attempting to subvert the licensing examination process. Conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to:

(i) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination;

(ii) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or

(iii) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf.

(2) Has been convicted (3) Conviction during the previous five years of a felony or gross misdemeanor; reasonably related to the practice of professional or practical nursing. Conviction as used in this subdivision shall include a conviction of an offense that if committed in this state would be considered a felony or gross misdemeanor without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered.

(3) Is unfit or incompetent by reason of negligence, habits or other causes;

(4) Is habitually intemperate or is addicted to the use of habit-forming drugs; Revocation, suspension, limitation, conditioning, or other disciplinary action against the person's professional or practical nursing license in another state, territory, or country;

failure to report to the board that charges regarding the person's nursing license are pending in another state, territory, or country; or having been refused a license by another state, territory, or country.

(5) Has, in a professional capacity, exhibited behavior which creates an undue risk of harm to others; Failure to or inability to perform professional or practical nursing as defined in section 148.171, paragraph (3) or (5), with reasonable skill and safety, including failure of a registered nurse to supervise or a licensed practical nurse to monitor adequately the performance of acts by any person working at the nurse's direction.

(6) Is guilty of unethical practice of nursing; Engaging in unprofessional conduct including, but not limited to, a departure from or failure to conform to board rules of professional or practical nursing practice that interpret the statutory definition of professional or practical nursing as well as provide criteria for violations of the statutes, or, if no rule exists, to the minimal standards of acceptable and prevailing professional or practical nursing practice, or any nursing practice that may create unnecessary danger to a patient's life, health, or safety. Actual injury to a patient need not be established under this clause.

(7) Has willfully or repeatedly violated any of the provisions of sections 148.171 to 148.285. Delegating or accepting the delegation of a nursing function or a prescribed health care function when the delegation or acceptance could reasonably be expected to result in unsafe or ineffective patient care.

(8) Actual or potential inability to practice nursing with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition.

(9) Adjudication as mentally incompetent, mentally ill, a chemically dependent person, or a person dangerous to the public by a court of competent jurisdiction, within or without this state.

(10) Engaging in any unethical conduct including, but not limited to, conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of a patient. Actual injury need not be established under this clause.

(11) Engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient, or engaging in sexual exploitation of a patient or former patient.

(12) Obtaining money, property, or services from a patient, other than reasonable fees for services provided to the patient, through the use of undue influence, harassment, duress, deception, or fraud.

(13) Revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law.

(14) Engaging in abusive or fraudulent billing practices, including violations of federal Medicare and Medicaid laws or state medical assistance laws.

(15) Improper management of patient records, including failure to maintain adequate patient records, to comply with a patient's request made pursuant to section 144.335, or to furnish a patient record or report required by law.

(16) Knowingly aiding, assisting, advising, or allowing an unlicensed person to engage in the unlawful practice of professional or practical nursing.

(17) Violating a rule adopted by the board, an order of the board, or a state or federal law relating to the practice of professional or practical nursing, or a state or federal narcotics or controlled substance law.

Subd. 3. Any registered nurse whose license or registration has been suspended, restricted or revoked, may have the license reinstated and a new registration issued when in the discretion of the board the action is warranted, provided that such nurse may be required by the board to pay 50 percent of the costs of the proceedings resulting in the suspension or revocation of the license or registration certificate and reinstatement of the license or renewal certificate, and in addition thereto, pay the fee for the current year's registration.

Subd. 4. [EVIDENCE.] In disciplinary actions alleging a violation of subdivision 1, clause (3) or (4), a copy of the judgment or proceeding under the seal of the clerk of the court or of the administrative agency that entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of the violation concerned.

Subd. 5. [EXAMINATION; ACCESS TO MEDICAL DATA.] The board may take the following actions if it has probable cause to believe that grounds for disciplinary action exist under subdivision 1, clause (8) or (9):

(a) It may direct the applicant or nurse to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this subdivision, when a nurse licensed under sections

148.171 to 148.285 is directed in writing by the board to submit to a mental or physical examination or chemical dependency evaluation, that person is considered to have consented and to have waived all objections to admissibility on the grounds of privilege. Failure of the applicant or nurse to submit to an examination when directed constitutes an admission of the allegations against the applicant or nurse, unless the failure was due to circumstances beyond the person's control, and the board may enter a default and final order without taking testimony or allowing evidence to be presented. A nurse affected under this paragraph shall, at reasonable intervals, be given an opportunity to demonstrate that the competent practice of professional or practical nursing can be resumed with reasonable skill and safety to patients. Neither the record of proceedings nor the orders entered by the board in a proceeding under this paragraph, may be used against a nurse in any other proceeding.

(b) It may, notwithstanding sections 13.42, 144.651, 595.02, or any other law limiting access to medical or other health data, obtain medical data and health records relating to a registered nurse, licensed practical nurse, or applicant for a license without that person's consent. The medical data may be requested from a provider, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the board under this subdivision and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this subdivision unless the information is false and the provider giving the information knew, or had reason to believe, the information was false. Information obtained under this subdivision is classified as private data on individuals as defined in section 13.02.

Sec. 13. [148.262] [FORMS OF DISCIPLINARY ACTION; AUTOMATIC SUSPENSION; TEMPORARY SUSPENSION; REISSUANCE.]

Subdivision 1. [FORMS OF DISCIPLINARY ACTION.] When the board finds that grounds for disciplinary action exist under section 148.261, subdivision 1, it may take one or more of the following actions:

- (1) deny the license, registration, or registration renewal;
- (2) revoke the license;
- (3) suspend the license;

(4) impose limitations on the nurse's practice of professional or practical nursing including, but not limited to, limitation of scope of practice or the requirement of practice under supervision;

(5) impose conditions on the retention of the license including, but not limited to, the imposition of retraining or rehabilitation requirements or the conditioning of continued practice on demonstration of knowledge or skills by appropriate examination, monitoring, or other review;

(6) impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed as to deprive the nurse of any economic advantage gained by reason of the violation charged, to reimburse the board for the cost of counsel, investigation, and proceeding, and to discourage repeated violations;

(7) order the nurse to provide unremunerated service;

(8) censure or reprimand the nurse; or

(9) any other action justified by the facts in the case.

Subd. 2. [AUTOMATIC SUSPENSION.] Unless the board orders otherwise, a license to practice professional or practical nursing is automatically suspended if:

(1) a guardian of a nurse is appointed by order of a probate court under sections 525.54 to 525.61;

(2) the nurse is committed by order of a probate court under chapter 253B or sections 526.09 to 526.11; or

(3) the nurse is determined to be mentally incompetent, mentally ill, chemically dependent, or a person dangerous to the public by a court of competent jurisdiction within or without this state.

The license remains suspended until the nurse is restored to capacity by a court and, upon petition by the nurse, the suspension is terminated by the board after a hearing or upon agreement between the board and the nurse.

Subd. 3. [TEMPORARY SUSPENSION OF LICENSE.] In addition to any other remedy provided by law, the board may, through its designated board member under section 214.10, subdivision 2, temporarily suspend the license of a nurse without a hearing if the board finds that there is probable cause to believe the nurse has violated a statute or rule the board is empowered to enforce and continued practice by the nurse would create a serious risk of harm to others. The suspension shall take effect upon written notice to the nurse, served by first-class mail, specifying the statute or rule violated. The suspension shall remain in effect until the board issues a temporary stay of suspension or a final order in the matter after a hearing or upon agreement between the board and the nurse. At the time it issues the suspension notice, the board shall schedule

a disciplinary hearing to be held under the administrative procedure act. The nurse shall be provided with at least 20 days' notice of any hearing held under this subdivision. The hearing shall be scheduled to begin no later than 30 days after the issuance of the suspension order.

Subd. 4. [REISSUANCE.] The board may reinstate and reissue a license or registration certificate to practice professional or practical nursing, but as a condition may impose any disciplinary or corrective measure that it might originally have imposed. Any person whose license or registration has been revoked, suspended, or limited may have the license reinstated and a new registration issued when, in the discretion of the board, the action is warranted, provided that the person shall be required by the board to pay the costs of the proceedings resulting in the revocation, suspension, or limitation of the license or registration certificate and reinstatement of the license or registration certificate, and to pay the fee for the current registration period. The cost of proceedings shall include, but not be limited to, the cost paid by the board to the office of administration hearings and the office of the attorney general for legal and investigative services, the costs of a court reporter and witnesses, reproduction of records, board staff time, travel, and expenses, and board members' per diem reimbursements, travel costs, and expenses.

Sec. 14. [148.263] [REPORTING OBLIGATIONS.]

Subdivision 1. [PERMISSION TO REPORT.] A person who has knowledge of any conduct constituting grounds for discipline under sections 148.171 to 148.285 may report the alleged violation to the board.

Subd. 2. [INSTITUTIONS.] The chief nursing executive or chief administrative officer of any hospital, clinic, prepaid medical plan, or other health care institution or organization located in this state shall report to the board any action taken by the institution or organization or any of its administrators or committees to discharge, suspend, or otherwise discipline a nurse for failure to discharge his or her responsibilities as a nurse. The institution or organization shall also report the resignation of any nurse before the conclusion of any disciplinary proceeding, or before commencement of formal charges, but after the nurse had knowledge that formal charges were contemplated or in preparation. The reporting described by this subdivision is required only if the action pertains to grounds for disciplinary action under section 148.261.

Subd. 3. [LICENSED PROFESSIONALS.] A person licensed by a health-related licensing board as defined in section 214.01, subdivision 2, shall report to the board personal knowledge of any conduct the person reasonably believes constitutes grounds for disciplinary action under sections 148.171 to 148.285 by any nurse including

conduct indicating that the nurse may be incompetent, may have engaged in unprofessional or unethical conduct, or may be mentally or physically unable to engage safely in the practice of professional or practical nursing.

Subd. 4. [INSURERS.] Four times each year, by the first day of February, May, August, and November, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to registered nurses or licensed practical nurses shall submit to the board a report concerning any nurse against whom a malpractice award has been made or who has been a party to a settlement. The report must contain at least the following information:

(1) the total number of settlements or awards;

(2) the date settlement or award was made;

(3) the allegations contained in the claim or complaint leading to the settlement or award;

(4) the dollar amount of each malpractice settlement or award and whether that amount was paid as a result of a settlement or of an award; and

(5) the name and address of the practice of the nurse against whom an award was made or with whom a settlement was made.

An insurer shall also report to the board any information it possesses that tends to substantiate a charge that a nurse may have engaged in conduct violating sections 148.171 to 148.285.

Subd. 5. [COURTS.] The court administrator of district court or another court of competent jurisdiction shall report to the board any judgment or other determination of the court that adjudges or includes a finding that a nurse is mentally ill, mentally incompetent, chemically dependent, a person dangerous to the public, guilty of a felony or gross misdemeanor, guilty of a violation of federal or state narcotics laws or controlled substances act, guilty of operating a motor vehicle while under the influence of alcohol or a controlled substance, or guilty of an abuse or fraud under Medicare or Medicaid, appoints a guardian of the nurse under sections 525.54 to 525.61, or commits a nurse under chapter 253B or section 526.09 to 526.11.

Subd. 6. [DEADLINES; FORMS.] Reports required by subdivisions 2 to 5 must be submitted no later than 30 days after the occurrence of the reportable event or transaction. The board may provide forms for the submission of reports required by this section, may require that the reports be submitted on the forms provided,

and may adopt rules necessary to assure prompt and accurate reporting. The board shall review all reports, including those submitted after the deadline.

Sec. 15. [148.264] [IMMUNITY.]

Subdivision 1. [REPORTING.] Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting in good faith a report to the board under section 14 or for otherwise reporting in good faith to the board violations or alleged violations of sections 148.171 to 148.285. All such reports are investigative data as defined in chapter 13.

Subd. 2. [INVESTIGATION.] Members of the board and persons employed by the board or engaged in the investigation of violations and in the preparation and management of charges of violations of sections 148.171 to 148.285 on behalf of the board or persons participating in the investigation or testifying regarding charges of violations are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under sections 148.171 to 148.285.

Sec. 16. [148.265] [NURSE COOPERATION.]

A nurse who is the subject of an investigation by or on behalf of the board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of patient or other records in the nurse's possession, as reasonably requested by the board, to assist the board in its investigation and to appear at conferences and hearings scheduled by the board. The board shall pay for copies requested. If the board does not have a written consent from a patient permitting access to the patient's records, the nurse shall delete any data in the record that identify the patient before providing it to the board. The board shall maintain any records obtained pursuant to this section as investigative data under chapter 13. The nurse shall not be excused from giving testimony or producing any documents, books, records, or correspondence on the grounds of self-incrimination, but the testimony or evidence may not be used against the nurse in any criminal case.

Sec. 17. [148.266] [DISCIPLINARY RECORD ON JUDICIAL REVIEW.]

Upon judicial review of any board disciplinary action taken under sections 148.171 to 148.285, the reviewing court shall seal the administrative record, except for the board's final decision, and shall not make the administrative record available to the public.

Sec. 18. Minnesota Statutes 1988, section 148.271, is amended to read:

148.271 [ALLOWABLE UNLICENSED PRACTICES EXEMPTIONS.]

The provisions of sections 148.171 to 148.285 shall not prohibit:

- (1) The furnishing of nursing assistance in an emergency.
- (2) The practice of professional or practical nursing by any legally qualified registered or licensed practical nurse of another state who is employed by the United States government or any bureau, division or agency thereof while in the discharge of official duties.

(3) Under the direct supervision of a registered nurse, the practice of nursing by a graduate of a school of professional nursing approved by the board between the date of graduation and the date of notification to the graduate of the board action upon application for licensure hereunder, provided that the graduate will take the first examination for licensure hereunder following graduation given by the board and will be issued a permit by the board to engage in supervised practice of professional nursing while awaiting notification of the results of such examination. The board is authorized to issue permits to such graduates which shall permit the practice of professional nursing under direct supervision from the date of graduation until the date that the board shall notify the graduates of the results of their applications for registration conditioned upon the graduates making prompt application for registration and taking the first examination given by the board which they are eligible to take following graduation. These permits shall not be renewable.

(4) The practice of any profession or occupation licensed by the state, other than professional or practical nursing, by any person duly licensed to practice the profession or occupation, or the performance by a person of any acts properly coming within the scope of the profession, occupation or license.

(5) The performance of any act in the nursing care of the sick by a nurse's aide under the direction of a registered nurse.

(4) The provision of a nursing or nursing-related service by a nursing assistant who has been delegated the specific function and is supervised by a registered nurse or monitored by a licensed practical nurse.

(6) The practice of nursing by a person licensed as a professional nurse in another jurisdiction and qualified for licensure in the state of Minnesota pursuant to a temporary permit issued by the board of

nursing which permit shall be issued by the board pursuant to rules as it may promulgate, for the period between the submission of a proper application for licensure by the person and the date of action upon the application by the board.

(7) The care of the sick, injured or infirm in a private home by any person who does not assume or represent to be a registered or professional nurse.

(8) (5) The care of the sick with or without compensation when done in a nursing home covered by the provisions of section 144A.09, subdivision 1.

(9) The practice of nursing by a graduate of an approved professional nursing program in another jurisdiction provided the graduate has applied for licensure in the state of Minnesota by interstate endorsement and has written the first examination for licensure following graduation. Practice under this clause is allowable only under a temporary permit issued by the board which shall be issued pursuant to rules as the board may promulgate, and which shall be valid only for the period between submission of a proper application and completion of the examination by the person and the date of action upon the application by the board. The examination must be the same examination required of applicants for licensure by examination in Minnesota. The permit shall authorize the practice of nursing only under the direct supervision of a licensed professional nurse. The permit shall not be renewable.

(6) Professional nursing practice by a registered nurse or practical nursing practice by a licensed practical nurse licensed in another state or territory who is in Minnesota as a student enrolled in a formal, structured course of study, such as a course leading to a higher degree, certification in a nursing specialty, or to enhance skills in a clinical field, while the student is practicing in the course.

(7) Professional or practical nursing practice by a student practicing under the supervision of an instructor while the student is enrolled in a nursing program approved by the board under section 148.251.

Sec. 19. Minnesota Statutes 1988, section 148.281, is amended to read:

148.281 [VIOLATIONS; PENALTY.]

Subdivision 1. [VIOLATIONS DESCRIBED.] It shall be unlawful for any person, corporation, or association, to:

(1) Sell or fraudulently obtain or furnish any nursing diploma, license or record, or aid or abet therein;

(2) Practice professional or practical nursing or practice as a public health nurse under cover of any diploma, permit, license, registration certificate, or record illegally or fraudulently obtained or signed or issued unlawfully or under fraudulent representation;

(3) Practice professional or practical nursing unless the person has been issued a temporary permit under the provisions of section 7 or is duly licensed and currently registered to do so under the provisions of sections 148.171 to 148.285;

(4) Use any abbreviation or other designation tending to imply licensure as a registered nurse or licensed practical nurse unless duly registered and licensed and currently registered so to practice professional or practical nursing under the provisions of sections 148.171 to 148.285 except as authorized by the board by rule;

(5) Use any abbreviation or other designation tending to imply registration as a public health nurse unless duly registered by the board;

(6) Practice professional or practical nursing in a manner prohibited by the board in any restriction limitation of a license or registration issued under the provisions of sections 148.171 to 148.285;

(6) (7) Practice professional or practical nursing during the time a license or current registration issued under the provisions of sections 148.171 to 148.285 shall be suspended or revoked;

(7) (8) Conduct a school of nursing program for the training education of persons to become registered nurses or professional licensed practical nurses unless the school or course program has been approved by the board; and

(9) Knowingly employ persons in the practice of professional or practical nursing who have not been issued a current permit, license, or registration certificate to practice as a nurse in this state.

Subd. 1a. It shall be unlawful to operate any nongovernmental partnership, corporation or unincorporated association which is organized primarily to render professional nursing through its agents, unless the partnership, corporation or unincorporated association is registered pursuant to rules adopted by the board.

Subd. 2. [PENALTY.] Any person, corporation, or association violating any provisions of subdivision 1 shall be guilty of a misdemeanor, and shall be punished according to law.

Sec. 20. Minnesota Statutes 1988, section 148.283, is amended to read:

148.283 [UNAUTHORIZED PRACTICE OF PROFESSIONAL AND PRACTICAL NURSING.]

The practice of professional or practical nursing by any person who has not been licensed to practice professional or practical nursing under the provisions of sections 148.171 to 148.285, or whose license has been suspended or revoked, or whose registration has expired, is hereby declared to be inimical to the public health and welfare and to constitute a public nuisance. Upon complaint being made thereof by the board of nursing, or any prosecuting officer, and upon a proper showing of the facts, the district court of the county where such practice occurred may enjoin such acts and practice. Such injunction proceeding shall be in addition to, and not in lieu of, all other penalties and remedies provided by law.

Sec. 21. Minnesota Statutes 1988, section 319A.02, subdivision 2, is amended to read:

Subd. 2. "Professional service" means personal service rendered by a professional pursuant to a license or certificate issued by the state of Minnesota to practice medicine and surgery pursuant to sections 147.01 to 147.29, chiropractic pursuant to sections 148.01 to 148.105, registered nursing pursuant to sections 148.171 to 148.285, optometry pursuant to sections 148.52 to 148.62, psychology pursuant to sections 148.88 to 148.98, dentistry pursuant to sections 150A.01 to 150A.12, pharmacy pursuant to sections 151.01 to 151.40, podiatric medicine pursuant to Laws 1987, chapter 108, sections 1 to 16, veterinary medicine pursuant to sections 156.001 to 156.14, architecture, engineering, surveying and landscape architecture pursuant to sections 326.02 to 326.15, accountancy pursuant to sections 326.17 to 326.23, or law pursuant to sections 481.01 to 481.17, or pursuant to a license or certificate issued by another state pursuant to similar laws.

Sec. 22. [REPEALER.]

Minnesota Statutes 1988, sections 145A.06, subdivision 3; 148.191, subdivision 3; 148.221; 148.251, subdivision 2; 148.261, subdivision 3; 148.272; 148.281, subdivision 1a; 148.286; 148.29; 148.291; 148.292; 148.293; 148.294; 148.295; 148.296; 148.297; 148.298; and 148.299, are repealed.

Delete the title and insert:

"A bill for an act relating to occupations and professions; regulating nursing; proposing the Minnesota nurse practice act; providing penalties; amending Minnesota Statutes 1988, sections 144A.43, subdivision 3; 145A.02, subdivision 18; 148.171; 148.181; 148.191; 148.211; 148.231; 148.241; 148.251; 148.261; 148.271; 148.281; 148.283; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes

1988, sections 145A.06, subdivision 3; 148.191, subdivision 3; 148.221; 148.251, subdivision 2; 148.261, subdivision 3; 148.272; 148.281, subdivision 1a; 148.286; 148.29; 148.291; 148.292; 148.293; 148.294; 148.295; 148.296; 148.297; 148.298; and 148.299."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 773, A bill for an act relating to state government; financing the beginning farmer loan program; regulating certain administrative duties of the commissioner of finance; permitting certain financial arrangements; amending Minnesota Statutes 1988, sections 16A.065; 16A.27, subdivision 5; 16A.58; 16A.631; 16A.641, subdivision 7; 16A.661, subdivision 7; 16A.85; 41B.19, subdivision 5; 41B.195; 115A.58, subdivisions 1, 3, 4, and 5; 115A.59; 116.16, subdivisions 1, 2, 3, 4, 5, and 9; 116.17, subdivisions 1, 3, and 5; 116.18, subdivisions 1, 4, 5, and 6; 124.42, subdivision 3; 136C.44; 216C.37, subdivision 6; 246.50, subdivision 5; 246.64, subdivision 1; 297.13, subdivision 1; 297.32, subdivision 9; and Laws 1987, chapter 396, article 12, section 10; repealing Minnesota Statutes 1988, sections 84B.08; 85A.04, subdivision 2; 115A.57; 136C.42; 136C.43, subdivisions 1, 2, and 3.

Reported the same back with the following amendments:

Page 3, delete section 7 and insert:

"Sec. 7. Minnesota Statutes 1988, section 16A.85, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, and commissions of the kinds identified in this subdivision that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease ~~and to~~. The master lease may be used only to finance the following kinds of purchases:

(a) The master lease may be used to finance purchases by the commissioner of administration with money from an internal services fund.

(b) The master lease may be used to refinance a purchase of equipment already purchased under a lease-purchase agreement.

(c) The master lease may be used to finance purchases of large equipment with a capital value of more than \$100,000 and a useful life of more than ten years.

(d) The legislature may specifically authorize a particular purchase to be financed using the master lease. The legislature anticipates that this authorization will be given only to finance the purchase of major pieces of equipment with a capital value of more than \$10,000.

The commissioner of finance may authorize the sale and issuance of certificates of participation relative to it a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16B. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to pay principal and interest coming due on the certificates of participation make master lease payments.

Sec. 8. Minnesota Statutes 1988, section 16A.85, subdivision 3, is amended to read:

Subd. 3. [MASTER LEASES NOT DEBT.] The commissioner of finance may not enter into a master lease unless the commissioner of finance has conducted a demand survey of the amount of projected rentals and determines that money has been appropriated and allotted for the payment of the maximum amount of rentals that are projected to be payable from state money and that are projected to be due or to become due during the appropriation period in which the lease contract is entered into. A master lease does not constitute or create a general or moral obligation or indebtedness of the state in excess of the money from time to time appropriated or otherwise available for the payment of rent coming due under the lease, and the state has no continuing obligation to appropriate money for the payment of rent or other obligations under the lease. Rent due under a master lease during a current lease term for which money has been appropriated is a current expense of the state."

Page 18, line 1, delete "principle" and insert "principal"

Page 21, line 5, strike everything after "(2)"

Page 21, lines 6 to 19, strike the old language and delete the new language

Page 21, line 20, strike "(3)"

Page 21, line 31, strike "(4)" and insert "(3)"

Page 22, line 3, strike "as follows:"

Page 22, lines 4 to 8, strike the old language and delete the new language

Page 22, line 9, strike everything before "to"

Page 22, after line 30, insert:

"Sec. 38. [STUDY.]

The authority, in cooperation with the commissioner of agriculture, may study the establishment of a conservation reserve enhancement program under which an eligible borrower who has enrolled or contracted to enroll acres of a farm in the federal conservation reserve program may assign periodic payments from the conservation reserve program to the authority as payment on the state share of a farm financing program under the authority."

Pages 22 and 23, delete section 38 and insert:

"Sec. 40. [EFFECTIVE DATE.]

This act is effective July 1, 1989, except that section 37 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "abolishing the water pollution control fund;"

Page 1, line 8, after "16A.85" insert ", subdivisions 1 and 3"

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

The report was adopted.

Ogren from the Committee on Health and Human Services to which was referred:

H. F. No. 784, A bill for an act relating to human services; allowing for allocation of federal fiscal disallowances; amending date for rule adoption for family and group family foster care; permitting charges

for postadoption services; permitting charges for searches involving original birth certificate information; amending Minnesota Statutes 1988, sections 256.01, subdivision 2; 256F.05, subdivisions 2, 3, and 4; 257.071, subdivision 7; 259.47, subdivision 5; and 259.49, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 256E and 256F; repealing Minnesota Statutes 1988, section 256F.05, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require local agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of local agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require local agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017; and

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds.

(2) Inform local agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to local agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) ~~The commissioner is~~ Act as designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with

dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children pursuant to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act

within 30 days shall be considered a determination not to issue direct payments.

(17) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

Sec. 2. [256E.115] [SAFE HOUSES.]

The commissioner shall have authority to make grants for pilot programs when the legislature authorizes money to encourage innovation in the development of safe house programs to respond to the needs of homeless youth.

Sec. 3. Minnesota Statutes 1988, section 256F.05, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL MONEY AVAILABLE.] Additional Money appropriated for family-based services permanency planning grants to counties, together with an amount as determined by the commissioner of title IV-B funds distributed to Minnesota according to the Social Security Act, United States Code, title 42, section 621, must be distributed to counties according to the formula in subdivision 3.

Sec. 4. Minnesota Statutes 1988, section 256F.05, subdivision 3, is amended to read:

Subd. 3. [FORMULA.] The amount of One-third of the money available under subdivision 2 shall be made available according to the provisions of section 256F.08. Two-thirds of the money available under subdivision 2 shall be distributed to counties under subdivision 2 must be based on the following two factors:

(1) the population of the county under age 19 years as compared to the state as a whole as determined by the most recent data from the state demographer's office; and

(2) the county's percentage share of the number of minority children in substitute care as determined by the most recent department of human services annual report on children in foster care;

The amount of money allocated according to formula factor (1) must not be less than 90 percent of the total distributed under subdivision 2.

Sec. 5. Minnesota Statutes 1988, section 256F.05, subdivision 4, is amended to read:

Subd. 4. [PAYMENTS.] The commissioner shall make grant payments to each county whose biennial community social services plan includes a permanency plan under section 256F.04, subdivision 2. The payment must be made in four installments per year. The commissioner may certify the payments for the first three months of a calendar year. Subsequent payments must be made on April 1 30, July 1 30, and October 1 30, of each calendar year. When an amount of title IV-B funds as determined by the commissioner is made available, it shall be reimbursed to counties on October 30.

Sec. 6. Minnesota Statutes 1988, section 256F.07, subdivision 3a, is amended to read:

Subd. 3a. [MINORITY FAMILY SERVICES.] In addition to services listed in subdivision 3, placement prevention and family reunification services for minority children include:

- (1) development of foster and adoptive placement resources, including recruitment, licensing, and support;
- (2) advocacy in working with the county and private social service agencies, and activities to help provide access to agency services;
- (3) family and community involvement strategies to combat child abuse and chronic neglect of children;
- (4) coordinated child welfare and mental health services to minority families; and
- (5) other activities and services approved by the commissioner that further the goals of the minority heritage preservation act.

The counties shall report to the commissioner on efforts made to implement this subdivision. The report shall include specific information on the number of foster and adoptive placements involving minority children, including information on the number of minority families who have become foster or adoptive parents and the number of minority families who have left the foster family system, with reasons for their departure from the system.

Sec. 7. [256F.08] [GRANTS FOR PLACEMENT PREVENTION AND FAMILY REUNIFICATION; AMERICAN INDIAN AND MINORITY CHILDREN.]

Subdivision 1. [GRANT PROGRAM.] The commissioner shall establish a specialized grants program for placement prevention and family reunification for American Indian and minority children.

Subd. 2. [MONEY AVAILABLE FOR GRANTS.] Funds available for this grant program will be in an amount which is equal to one-third of the total money available under this chapter.

Subd. 3. [REQUEST FOR PROPOSALS.] The commissioner shall request proposals for the development and provision of services listed in 256F.07, subdivisions 3 and 3a.

Subd. 4. [GRANT APPLICATIONS.] Local social services agencies may apply for American Indian and minority children placement prevention and family reunification grants. Application may be made alone or in combination with neighboring local social services agencies.

Subd. 5. [FORMS AND INSTRUCTIONS.] The commissioner shall provide necessary forms and instructions to the counties to apply for an American Indian and minority child placement prevention and family reunification grant.

Subd. 6. [MONITORING.] The commissioner shall design and implement methods for monitoring, delivering, and evaluating the effectiveness of placement prevention and family reunification services for American Indian and minority children.

Sec. 8. Minnesota Statutes 1988, section 257.071, subdivision 7, is amended to read:

Subd. 7. [RULES.] By December 31, 1988 1989, the commissioner shall revise Minnesota Rules, parts 9545.0010 to 9545.0269 9545.0260, the rules setting standards for family and group family foster care. The commissioner shall:

(1) require that, as a condition of licensure, foster care providers attend training on the importance of protecting cultural heritage within the meaning of Laws 1983, chapter 278, the Indian Child Welfare Act, Public Law Number 95-608, and the Minnesota Indian family preservation act, sections 257.35 to 257.357; and

(2) review and, where necessary, revise foster care rules to reflect sensitivity to cultural diversity and differing lifestyles. Specifically, the commissioner shall examine whether space and other requirements discriminate against single-parent, minority, or low-income families who may be able to provide quality foster care reflecting the values of their own respective cultures.

Sec. 9. [259.401] [COSTS OF FAMILY THERAPY.]

The commissioner of human services shall seek federal financial participation to reimburse the costs of family therapy necessary to the mental health of an adoptive child who prior to adoption had

been under the guardianship of the commissioner pursuant to section 260.242.

Sec. 10. [259.44] [REIMBURSEMENT OF NONRECURRING ADOPTION EXPENSES.]

The commissioner of human services shall provide reimbursement of up to \$2,000 to the adoptive parent or parents for costs incurred in adopting a child with special needs. The commissioner shall determine the child's eligibility for adoption expense reimbursement under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676.

Sec. 11. Minnesota Statutes 1988, section 259.47, subdivision 5, is amended to read:

Subd. 5. [CHARGES.] Agencies The commissioner, the commissioner's agents, and licensed child-placing agencies may require a reasonable expense reimbursement for providing services required in this section. Reimbursements received by the commissioner according to this subdivision shall be deposited in the general fund.

Sec. 12. Minnesota Statutes 1988, section 259.49, subdivision 2, is amended to read:

259.49 [ACCESS TO ADOPTION RECORDS ORIGINAL BIRTH CERTIFICATE INFORMATION.]

Subd. 2. [SEARCH.] Within six months after receiving notice of the request of the adopted person, the commissioner of human services shall make complete and reasonable efforts to notify each parent identified on the original birth certificate of the adopted person. The commissioner, the commissioner's agents, and licensed child-placing agencies may charge a reasonable fee to the adopted person for the cost of making a search pursuant to this subdivision. Every licensed child placing agency in the state shall cooperate with the commissioner of human services in efforts to notify an identified parent. All communications under this subdivision are confidential pursuant to section 13.02, subdivision 3.

For purposes of this subdivision, "notify" means a personal and confidential contact with the genetic parents named on the original birth certificate of the adopted person. The contact shall not be by mail and shall be by an employee or agent of the licensed child placing agency which processed the pertinent adoption or some other licensed child placing agency designated by the commissioner of human services. The contact shall be evidenced by filing with the commissioner of health an affidavit of notification executed by the person who notified each parent certifying that each parent was given the following information:

- (a) The nature of the information requested by the adopted person;
- (b) The date of the request of the adopted person;
- (c) The right of the parent to file, within 120 days of receipt of the notice, an affidavit with the commissioner of health stating that the information on the original birth certificate should not be disclosed;
- (d) The right of the parent to file a consent to disclosure with the commissioner of health at any time; and
- (e) The effect of a failure of the parent to file either a consent to disclosure or an affidavit stating that the information on the original birth certificate should not be disclosed.

Sec. 13. [REPEALER.]

Minnesota Statutes 1988, section 256F.05, subdivision 1, is repealed."

Delete the title and insert:

"A bill for an act relating to human services; allowing for allocation of federal fiscal disallowances; amending date for rule adoption for family and group family foster care; permitting charges for postadoption services; permitting charges for searches involving original birth certificate information; authorizing reimbursement of parents for expenses of adopting a child with special needs; amending Minnesota Statutes 1988, sections 256.01, subdivision 2; 256F.05, subdivisions 2, 3, and 4; 256F.07, subdivision 3a; 257.071, subdivision 7; 259.47, subdivision 5; and 259.49, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 256E; 256F; and 259; repealing Minnesota Statutes 1988, section 256F.05, subdivision 1."

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

The report was adopted.

Ogren from the Committee on Health and Human Services to which was referred:

H. F. No. 805, A bill for an act relating to human services; amending the comprehensive mental health act; establishing a mental health system for adults and for children; requiring case management; establishing mental health interagency coordinating councils; establishing task forces; allowing fees for mental health services; requiring family community support services and home-

based family treatment; amending Minnesota Statutes 1988, sections 245.461; 245.462; 245.463, subdivision 2; 245.464; 245.465; 245.466, subdivisions 1, 2, 5, and 6; 245.467, subdivisions 3, 4, and 5; 245.468; 245.469; 245.470, subdivision 1; 245.472, subdivision 1, and by adding a subdivision; 245.473, subdivision 1; 245.474; 245.476, subdivisions 1 and 3, and by adding a subdivision; 245.477; 245.478, subdivisions 2 and 3; 245.479; 245.48; 245.482; 245.483; 245.484; 245.485; 245.486; 245.62, subdivisions 2, 3, and 4; 245.696, subdivision 2; 245.697, subdivision 2a; 245.713, subdivision 2; and 245.73, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 245; repealing Minnesota Statutes 1988, sections 245.462, subdivision 25; 245.471; 245.475; 245.61; 245.64; and 245.698.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 245.461, is amended to read:

245.461 [POLICY AND CITATION.]

Subdivision 1. [CITATION.] Sections 245.461 to 245.486 may be cited as the "Minnesota comprehensive adult mental health act."

Subd. 2. [MISSION STATEMENT.] The commissioner shall create and ensure a unified, accountable, comprehensive adult mental health service system that:

(1) recognizes the right of people adults with mental illness to control their own lives as fully as possible;

(2) promotes the independence and safety of people adults with mental illness;

(3) reduces chronicity of mental illness;

(4) ~~reduces~~ eliminates abuse of people adults with mental illness;

(5) provides services designed to:

(i) increase the level of functioning of people adults with mental illness or restore them to a previously held higher level of functioning;

(ii) stabilize ~~individuals~~ adults with mental illness;

(iii) prevent the development and deepening of mental illness;

(iv) support and assist individuals adults in resolving emotional mental health problems that impede their functioning;

(v) promote higher and more satisfying levels of emotional functioning; and

(vi) promote sound mental health; and

(6) provides a quality of service that is effective, efficient, appropriate, and consistent with contemporary professional standards in the field of mental health.

Subd. 3. [REPORT.] By February 15, 1988, and annually after that until February 15, 1990, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.461 to 245.486 and on additional resources needed to further implement those sections.

Subd. 4. [HOUSING MISSION STATEMENT.] The commissioner shall ensure that the housing services provided as part of a comprehensive mental health service system:

(1) allow all persons with mental illness to live in stable, affordable housing, in settings that maximize community integration and opportunities for acceptance;

(2) allow persons with mental illness to actively participate in the selection of their housing from those living environments available to the general public; and

(3) provide necessary support regardless of where persons with mental illness choose to live.

Sec. 2. Minnesota Statutes 1988, section 245.462, is amended to read:

245.462 [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in this section apply to sections 245.461 to 245.486.

Subd. 2. [ACUTE CARE HOSPITAL INPATIENT TREATMENT.] "Acute care hospital inpatient treatment" means short-term medical, nursing, and psychosocial services provided in an acute care hospital licensed under chapter 144.

Subd. 3. [CASE MANAGEMENT ACTIVITIES SERVICES.] "Case management activities services" means activities that are coordinated with the community support services program as defined in subdivision 6 and are designed to help people adults with

serious and persistent mental illness in gaining access to needed medical, social, educational, vocational, and other necessary services as they relate to the client's mental health needs. Case management activities services include developing a functional assessment, an individual community support plan, referring and assisting the person to obtain needed mental health and other services, ensuring coordination of services, and monitoring the delivery of services.

Subd. 4. [CASE MANAGER.] "Case manager" means an individual employed by the county or other entity authorized by the county board to provide the case management activities services specified in subdivision 3 and sections 245.471 and 245.475. A case manager must have a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and have at least 2,000 hours of supervised experience in the delivery of services to ~~persons~~ adults with mental illness, must be skilled in the process of identifying and assessing a wide range of client needs, and must be knowledgeable about local community resources and how to use those resources for the benefit of the client. The case manager shall meet in person with a mental health professional at least once each month to obtain clinical supervision of the case manager's activities. Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of services to ~~persons~~ adults with mental illness must complete 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of ~~persons~~ adults with serious and persistent mental illness and must receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of supervised experience is met. Clinical supervision must be documented in the client record.

Until June 30, 1991, a refugee who does not have the qualifications specified in this subdivision may provide case management services to adult refugees with serious and persistent mental illness who are members of the same ethnic group as the case manager if the person: (1) is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or a related field from an accredited college or university; (2) completes 40 hours of training as specified in this subdivision; and (3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

Subd. 4a. [CLINICAL SUPERVISION.] "Clinical supervision" means the oversight responsibility for individual treatment plans and individual mental health service delivery, including that provided by the case manager. Clinical supervision must be accomplished by full or part-time employment of or contracts with mental health professionals. Clinical supervision must be documented by

the mental health professional cosigning individual treatment plans and by entries in the client's record regarding supervisory activities.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 6. [COMMUNITY SUPPORT SERVICES PROGRAM.] "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the clinical supervision of a mental health professional designed to help people adults with serious and persistent mental illness to function and remain in the community. A community support services program includes:

- (1) client outreach,
- (2) medication management monitoring,
- (3) assistance in independent living skills,
- (4) development of employability and supportive work related opportunities,
- (5) crisis assistance,
- (6) psychosocial rehabilitation,
- (7) help in applying for government benefits, and
- (8) the development, identification, and monitoring of living arrangements.

The community support services program must be coordinated with the case management activities services specified in subdivision 3 and sections 245.471 and 245.475 section 245.4711.

Subd. 7. [COUNTY BOARD.] "County board" means the county board of commissioners or board established pursuant to the joint powers act, section 471.59, or the human services board act, sections 402.01 to 402.10.

Subd. 8. [DAY TREATMENT SERVICES.] "Day treatment," "day treatment services," means a structured program of intensive therapeutic and rehabilitative services at least one day a week for a minimum three-hour time block that is provided within a group setting by a multidisciplinary staff under the clinical supervision of a mental health professional. Day treatment services are not a part of inpatient or residential treatment services, but may be part of a community support services program or "day treatment program" means a structured program of treatment and care provided to an

adult in: (1) a hospital accredited by the joint commission on accreditation of health organizations and licensed under sections 144.50 to 144.55; (2) a community mental health center under section 245.62; or (3) an entity that is under contract with the county board to operate a program that meets the requirements of section 245.4711, subdivision 7, and Minnesota Rules, parts 9505.0170 to 9505.0475. Day treatment consists of group psychotherapy and other intensive therapeutic services that are provided at least one day a week for a minimum three-hour time block by a multidisciplinary staff under the clinical supervision of a mental health professional. The services are aimed at stabilizing the adult's mental health status, providing mental health services, and developing and improving the adult's independent living and socialization skills. The goal of day treatment is to reduce or relieve mental illness and to enable the adult to live in the community. Day treatment services are not a part of inpatient or residential treatment services. Day treatment services are distinguished from day care by their structured therapeutic program of psychotherapy services.

Subd. 9. [DIAGNOSTIC ASSESSMENT.] "Diagnostic assessment" means a written summary of the history, diagnosis, strengths, vulnerabilities, and general service needs of a person an adult with a mental illness using diagnostic, interview, and other relevant mental health techniques provided by a mental health professional used in developing an individual treatment plan or individual community support plan.

Subd. 10. [EDUCATION AND PREVENTION SERVICES.] "Education and prevention services" means services designed to educate the general public or special high-risk target populations about mental illness, to increase the understanding and acceptance of problems associated with mental illness, to increase people's awareness of the availability of resources and services, and to improve people's skills in dealing with high-risk situations known to affect people's mental health and functioning. The services include the distribution of information to individuals and agencies identified by the county board and the local mental health advisory council, on predictors and symptoms of mental disorders, where mental health services are available in the county, and how to access the services.

Subd. 11. [EMERGENCY SERVICES.] "Emergency services" means an immediate response service available on a 24-hour, seven-day-a-week basis for persons having a psychiatric crisis, a mental health crisis, or emergency.

Subd. 11a. [FUNCTIONAL ASSESSMENT.] "Functional assessment" means an assessment by the case manager of the adult's:

(1) mental health symptoms as presented in the adult's diagnostic assessment;

(2) mental health needs as presented in the adult's diagnostic assessment;

(3) use of drugs and alcohol;

(4) vocational and educational functioning;

(5) social functioning, including the use of leisure time;

(6) interpersonal functioning, including relationships with the adult's family;

(7) self-care and independent living capacity;

(8) medical and dental health;

(9) financial assistance needs;

(10) housing and transportation needs; and

(11) other needs and problems.

Subd. 12. [INDIVIDUAL COMMUNITY SUPPORT PLAN.] "Individual community support plan" means a written plan developed by a case manager on the basis of a diagnostic assessment and functional assessment. The plan identifies specific services needed by a person an adult with serious and persistent mental illness to develop independence or improved functioning in daily living, health and medication management, social functioning, interpersonal relationships, financial management, housing, transportation, and employment.

Subd. 13. [INDIVIDUAL PLACEMENT AGREEMENT.] "Individual placement agreement" means a written agreement or supplement to a service contract entered into between the county board and a service provider on behalf of an individual ~~client~~ adult to provide residential treatment services.

Subd. 14. [INDIVIDUAL TREATMENT PLAN.] "Individual treatment plan" means a written plan of intervention, treatment, and services for a person an adult with mental illness that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individual responsible for providing treatment to the ~~person~~ adult with mental illness.

Subd. 15. [LOCAL MENTAL HEALTH PROPOSAL.] "Local mental health proposal" means the proposal developed by the county

board, reviewed by the commissioner, and described in section 245.463.

Subd. 16. [MENTAL HEALTH FUNDS.] "Mental health funds" are funds expended under sections 245.73 and 256E.12, federal mental health block grant funds, and funds expended under sections 256D.06 and 256D.37 to facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Subd. 17. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and has at least 2,000 hours of supervised experience in the delivery of services to persons with mental illness;

(2) has at least 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university and has less than 4,000 hours post-master's experience in the treatment of mental illness.

Subd. 18. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse with a master's degree in one of the behavioral sciences or related fields from an accredited college or university or its equivalent, who is licensed under sections 148.171 to 148.285, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness and who is certified as a clinical specialist by the American nurses association;

(2) in clinical social work: a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Subd. 19. [MENTAL HEALTH SERVICES.] "Mental health services" means at least all of the treatment services and case management activities that are provided to ~~persons~~ adults with mental illness and are described in sections 245.461 to 245.486.

Subd. 20. [MENTAL ILLNESS.] (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) A ~~person~~ An "adult with acute mental illness" means a ~~person~~ an adult who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of case management and community support services, a "person with serious and persistent mental illness" means a ~~person~~ an adult who has a mental illness and meets at least one of the following criteria:

(1) the ~~person~~ adult has undergone two or more episodes of in ~~in~~ are for a mental illness within the preceding 24 months;

(2) the ~~person~~ adult has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months;

(3) the ~~person~~ adult:

(i) has a diagnosis of schizophrenia, bipolar disorder, major depression, or borderline personality disorder;

(ii) indicates a significant impairment in functioning; and

(iii) has a written opinion from a mental health professional stating that the person adult is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless an ongoing community support services program is provided; or

(4) the person adult has been committed by a court as a mentally ill person under chapter 253B, or the person's adult's commitment has been stayed or continued.

Subd. 21. [OUTPATIENT SERVICES.] "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the clinical supervision of a mental health professional to persons adults with a mental illness who live outside a hospital. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Subd. 22. [REGIONAL TREATMENT CENTER INPATIENT SERVICES.] "Regional treatment center inpatient services" means the 24-hour-a-day comprehensive medical, nursing, or psychosocial services provided in a regional treatment center operated by the state.

Subd. 23. [RESIDENTIAL TREATMENT.] "Residential treatment" means a 24-hour-a-day program under the clinical supervision of a mental health professional, in a community residential setting other than an acute care hospital or regional treatment center inpatient unit, that must be licensed as a residential treatment facility program for persons adults with mental illness under Minnesota Rules, parts 9520.0500 to 9520.0690 for adults, 9545.0900 to 9545.1090 for children, or other rule rules adopted by the commissioner.

Subd. 24. [SERVICE PROVIDER.] "Service provider" means either a county board or an individual or agency including a regional treatment center under contract with the county board that provides adult mental health services funded by sections 245.461 to 245.486.

Subd. 25. [CLINICAL SUPERVISION.] "Clinical supervision" means the oversight responsibility for individual treatment plans and individual service delivery, including that provided by the case manager. Clinical supervision must be accomplished by full or part-time employment of or contracts with mental health profes-

sionals. Clinical supervision must be documented by the mental health professional designing individual treatment plans and by entries in the client's record regarding supervisory activities.

Sec. 3. Minnesota Statutes 1988, section 245.463, subdivision 2, is amended to read:

Subd. 2. [TECHNICAL ASSISTANCE.] The commissioner shall provide ongoing technical assistance to county boards to develop local mental health proposals as specified in section 245.479 245.478, to improve system capacity and quality. The commissioner and county boards shall exchange information as needed about the numbers of persons adults with mental illness residing in the county and extent of existing treatment components locally available to serve the needs of those persons. County boards shall cooperate with the commissioner in obtaining necessary planning information upon request.

Sec. 4. Minnesota Statutes 1988, section 245.463, is amended by adding a subdivision to read:

Subd. 3. The commissioner of human services shall, in cooperation with the commissioner of health, study and submit to the legislature by February 15, 1991, a report and recommendations regarding (1) plans and fiscal projections for increasing the number of community-based beds, small community-based residential programs, and support services for persons with mental illness, including persons for whom nursing home services are inappropriate, to serve all persons in need of those programs; and (2) the projected fiscal impact of maximizing the availability of medical assistance coverage for persons with mental illness.

Sec. 5. Minnesota Statutes 1988, section 245.464, is amended to read:

245.464 [COORDINATION OF MENTAL HEALTH SYSTEM.]

Subdivision 1. [SUPERVISION COORDINATION.] The commissioner shall supervise the development and coordination of locally available adult mental health services by the county boards in a manner consistent with sections 245.461 to 245.486. The commissioner shall coordinate locally available services with those services available from the regional treatment center serving the area. The commissioner shall review local mental health service proposals developed by county boards as specified in section 245.463 and provide technical assistance to county boards in developing and maintaining locally available mental health services. The commissioner shall monitor the county board's progress in developing its full system capacity and quality through ongoing review of the county board's adult mental health proposals, quarterly reports, and other information as required by sections 245.461 to 245.486.

Subd. 2. [PRIORITIES.] By January 1, 1990, the commissioner shall require that each of the treatment services and management activities described in sections 245.469 to 245.477 are developed for persons adults with mental illness within available resources based on the following ranked priorities:

- (1) the provision of locally available emergency services;
- (2) the provision of locally available services to all persons adults with serious and persistent mental illness and all persons adults with acute mental illness;
- (3) the provision of specialized services regionally available to meet the special needs of all persons adults with serious and persistent mental illness and all persons adults with acute mental illness;
- (4) the provision of locally available services to persons adults with other mental illness; and
- (5) the provision of education and preventive mental health services targeted at high-risk populations.

Sec. 6. Minnesota Statutes 1988, section 245.465, is amended to read:

245.465 [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local mental health service proposal approved by the commissioner. The county board must:

- (1) develop and coordinate a system of affordable and locally available adult mental health services in accordance with sections 245.461 to 245.486;
- (2) provide for case management services to persons adults with serious and persistent mental illness in accordance with sections 245.462, subdivisions 3 and 4; ~~245.471; 245.475~~ 245.4711; and 245.486;
- (3) provide for screening of persons adults specified in section 245.476 upon admission to a residential treatment facility or acute care hospital inpatient, or informal admission to a regional treatment center; and
- (4) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.461 to 245.486; and

(5) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract with the county to provide mental health services have experience and training in working with adults with mental illness.

Sec. 7. Minnesota Statutes 1988, section 245.466, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT OF SERVICES.] The county board in each county is responsible for using all available resources to develop and coordinate a system of locally available and affordable adult mental health services. The county board may provide some or all of the mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center under section 246.57 to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward full implementation of sections 245.461 to 245.486 during the period July 1, 1987, to January 1, 1990. County boards must develop fully each of the treatment services and management activities prescribed by sections 245.461 to 245.486 by January 1, 1990, according to the priorities established in section 245.464 and the local mental health services proposal approved by the commissioner under section 245.478.

Sec. 8. Minnesota Statutes 1988, section 245.466, subdivision 2, is amended to read:

Subd. 2. [ADULT MENTAL HEALTH SERVICES.] The adult mental health service system developed by each county board must include the following services:

(1) education and prevention services in accordance with section 245.468;

(2) emergency services in accordance with section 245.469;

(3) outpatient services in accordance with section 245.470;

(4) community support program services in accordance with sections 245.471 and 245.475 section 245.4711;

(5) residential treatment services in accordance with section 245.472;

(6) acute care hospital inpatient treatment services in accordance with section 245.473;

(7) regional treatment center inpatient services in accordance with section 245.474;

(8) screening in accordance with section 245.476; and

(9) case management in accordance with sections 245.462, subdivision 3; ~~245.471~~; and ~~245.475~~ 245.4711.

Sec. 9. Minnesota Statutes 1988, section 245.466, subdivision 5, is amended to read:

Subd. 5. [LOCAL ADVISORY COUNCIL.] The county board, individually or in conjunction with other county boards, shall establish a local adult mental health advisory council or mental health subcommittee of an existing advisory council. The council's members must reflect a broad range of community interests. They must include at least one consumer, one family member of a ~~person~~ an adult with mental illness, one mental health professional, and one community support services program representative. The local adult mental health advisory council or mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local mental health system. Annually, the local adult mental health advisory council or mental health subcommittee of an existing advisory council shall:

(1) arrange for input from the regional treatment center's mental illness program unit regarding coordination of care between the regional treatment center and community-based services;

(2) identify for the county board the individuals, providers, agencies, and associations as specified in section 245.462, subdivision 10; and

(3) coordinate its review, evaluation, and recommendations regarding the local mental health system with the state advisory council on mental health.

The county board shall consider the advice of its local mental health advisory council or mental health subcommittee of an existing advisory council in carrying out its authorities and responsibilities.

Sec. 10. Minnesota Statutes 1988, section 245.466, subdivision 6, is amended to read:

Subd. 6. [OTHER LOCAL AUTHORITY.] The county board may

establish procedures and policies that are not contrary to those of the commissioner or sections 245.461 to 245.486 regarding local adult mental health services and facilities. The county board shall perform other acts necessary to carry out sections 245.461 to 245.486.

Sec. 11. Minnesota Statutes 1988, section 245.467, subdivision 3, is amended to read:

Subd. 3. [INDIVIDUAL TREATMENT PLANS.] All providers of outpatient services, day treatment services, residential treatment, acute care hospital inpatient treatment, and all regional treatment centers must develop an individual treatment plan for each of their adult clients. The individual treatment plan must be based on a diagnostic assessment. To the extent possible, the adult client shall be involved in all phases of developing and implementing the individual treatment plan. The individual treatment plan must be developed within ten days of client intake and reviewed every 90 days thereafter.

Sec. 12. Minnesota Statutes 1988, section 245.467, subdivision 4, is amended to read:

Subd. 4. [REFERRAL FOR CASE MANAGEMENT.] Each provider of emergency services, day treatment services, outpatient treatment, community support services, residential treatment, acute care hospital inpatient treatment, or regional treatment center inpatient treatment must inform each of its clients with serious and persistent mental illness of the availability and potential benefits to the client of case management. If the client consents, the provider must refer the client by notifying the county employee designated by the county board to coordinate case management activities of the client's name and address and by informing the client of whom to contact to request case management. The provider must document compliance with this subdivision in the client's record.

Sec. 13. Minnesota Statutes 1988, section 245.467, subdivision 5, is amended to read:

Subd. 5. [INFORMATION FOR BILLING.] Each provider of outpatient treatment, community support services, day treatment services, emergency services, residential treatment, or acute care hospital inpatient treatment must include the name and home address of each client for whom services are included on a bill submitted to a county, if the client has consented to the release of that information and if the county requests the information. Each provider shall attempt to obtain each client's consent and must explain to the client that the information can only be released with the client's consent and may be used only for purposes of payment

and maintaining provider accountability. The provider shall document the attempt in the client's record.

Sec. 14. Minnesota Statutes 1988, section 245.468, is amended to read:

245.468 [EDUCATION AND PREVENTION SERVICES.]

By July 1, 1988, county boards must provide or contract for education and prevention services to persons adults residing in the county. Education and prevention services must be designed to:

(1) convey information regarding mental illness and treatment resources to the general public ~~or~~ and special high-risk target groups;

(2) increase understanding and acceptance of problems associated with mental illness;

(3) improve people's skills in dealing with high-risk situations known to have an impact on people's adults' mental health functioning; and

(4) prevent development or deepening of mental illness; and

(5) refer adults with additional mental health needs to appropriate mental health services.

Sec. 15. Minnesota Statutes 1988, section 245.469, is amended to read:

245.469 [EMERGENCY SERVICES.]

Subdivision 1. [AVAILABILITY OF EMERGENCY SERVICES.]
By July 1, 1988, county boards must provide or contract for enough emergency services within the county to meet the needs of persons adults in the county who are experiencing an emotional crisis or mental illness. Clients may be required to pay a fee based on their ability to pay according to section 245.481. Emergency services must include assessment, intervention, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of people adults with mental illness or emotional crises;

(2) minimize further deterioration of people adults with mental illness or emotional crises;

(3) help people adults with mental illness or emotional crises to obtain ongoing care and treatment; and

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services to adults with mental illness provide immediate direct access to a mental health professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll free telephone access to a mental health professional, a mental health practitioner, or until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional. Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for at least telephone consultation within 30 minutes.

Sec. 16. Minnesota Statutes 1988, section 245.470, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF OUTPATIENT SERVICES.]

(a) By July 1, 1988, county boards must provide or contract for enough outpatient services within the county to meet the needs of persons adults with mental illness residing in the county. Clients may be required to pay a fee based on their ability to pay according to section 245.481. Outpatient services include:

- (1) conducting diagnostic assessments;
 - (2) conducting psychological testing;
 - (3) developing or modifying individual treatment plans;
 - (4) making referrals and recommending placements as appropriate;
 - (5) treating a person's an adult's mental health needs through therapy;
 - (6) prescribing and managing medication and evaluating the effectiveness of prescribed medication; and
 - (7) preventing placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs.
- (b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the client can best be served outside the county.

Sec. 17. [245.4711] [CASE MANAGEMENT AND COMMUNITY SUPPORT SERVICES.]

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By January 1, 1989, the county board shall provide case management activities for all adults with serious and persistent mental illness residing in the county who request or consent to the services and to each adult for whom the court appoints a case manager. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.462, subdivision 4.

(b) Case management services provided to adults with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

Subd. 2. [NOTIFICATION OF CASE MANAGEMENT ELIGIBILITY.] The county board shall notify the client of the person's potential eligibility for case management services within five working days after receiving a request from an individual or a referral from a provider under section 245.467, subdivision 4.

The county board shall send a written notice to the client and the client's representative, if any, that identifies the designated case management providers.

Subd. 3. [DUTIES OF CASE MANAGER.] (a) The case manager shall promptly arrange for a diagnostic assessment of the applicant when one is not available as described in section 245.467, subdivision 2, to determine the applicant's eligibility as an adult with serious and persistent mental illness for community support services. The county board shall notify the applicant and the applicant's representative, if any, in writing, if the applicant is determined ineligible for community support services.

(b) Upon a determination of eligibility for community support services, the case manager shall develop an individual community support plan for an adult according to subdivision 4, paragraph (a), review the client's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.

Subd. 4. [INDIVIDUAL COMMUNITY SUPPORT PLAN.] (a) The case manager must develop an individual community support plan for each adult that incorporates the client's individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual community support plan. The individual community support plan must be developed within 30 days of

client intake and reviewed every 90 days after it is developed. The case manager is responsible for developing the individual community support plan based on a diagnostic assessment and a functional assessment and for implementing and monitoring the delivery of services according to the individual community support plan. To the extent possible, the adult with serious and persistent mental illness, the person's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual or family community support plan.

(b) The client's individual community support plan must state:

(1) the goals of each service;

(2) the activities for accomplishing each goal;

(3) a schedule for each activity; and

(4) the frequency of face-to-face contacts by the case manager, as appropriate to client need and the implementation of the individual community support plan.

Subd. 5. [COORDINATION BETWEEN CASE MANAGER AND COMMUNITY SUPPORT SERVICES.] The county board must establish procedures that ensure ongoing contact and coordination between the case manager and the community support services program as well as other mental health services.

Subd. 6. [AVAILABILITY OF COMMUNITY SUPPORT SERVICES.] County boards must provide or contract for sufficient community support services within the county to meet the needs of adults with serious and persistent mental illness residing in the county. Clients may be required to pay a fee according to section 245.481. The community support services program must be designed to improve the ability of adults with serious and persistent mental illness to:

(1) work in a regular or supported work environment;

(2) handle basic activities of daily living;

(3) participate in leisure time activities;

(4) set goals and plans;

(5) obtain and maintain appropriate living arrangements; and

(6) reduce the use of more intensive, costly, or restrictive placements both in number of admissions and lengths of stay as determined by client need.

Subd. 7. [DAY TREATMENT SERVICES PROVIDED.] (a) By July 1, 1989, day treatment services must be developed as a part of the community support services available to adults with serious and persistent mental illness residing in the county. Clients may be required to pay a fee according to section 245.481. Day treatment services must be designed to:

- (1) provide a structured environment for treatment;
- (2) provide community support;
- (3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need;
- (4) coordinate with or be offered in conjunction with a local education agency's special education program; and
- (5) operate on a continuous basis throughout the year.

(b) County boards may request a waiver from including day treatment services if they can document that:

- (1) an alternative plan of care exists through the county's community support services for clients who would otherwise need day treatment services;
- (2) day treatment, if included, would be duplicative of other components of the community support services; and
- (3) county demographics and geography make the provision of day treatment services cost ineffective and infeasible.

Subd. 8. [BENEFITS ASSISTANCE.] The county board must offer help to adults with serious and persistent mental illness in applying for federal benefits, including supplemental security income, medical assistance, and Medicare. The help must be offered as a part of the community support program available to adults with serious and persistent mental illness for whom the county is financially responsible and who may qualify for these benefits.

Sec. 18. Minnesota Statutes 1988, section 245.472, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF RESIDENTIAL TREATMENT SERVICES.] By July 1, 1988, county boards must provide or contract for enough residential treatment services to meet the needs of all persons adults with mental illness residing in the county and needing this level of care. Residential treatment services include both intensive and structured residential treatment with length of stay based on client residential treatment need. Services must be as

close to the county as possible. Residential treatment must be designed to:

- (1) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client needs;
- (2) help clients achieve the highest level of independent living;
- (3) help clients gain the necessary skills to be referred to a community support services program or outpatient services function in a less structured setting; and
- (4) stabilize crisis admissions.

Sec. 19. Minnesota Statutes 1988, section 245.472, is amended by adding a subdivision to read:

Subd. 3. [TRANSITION TO COMMUNITY.] Residential treatment programs must plan for and assist clients in making a transition from residential treatment facilities to other community-based services. In coordination with the client's case manager, if any, residential treatment facilities must also arrange for appropriate follow-up care in the community during the transition period. Before a client is discharged, the residential treatment facility must notify the client's case manager, so that the case manager can monitor and coordinate the transition and arrangements for the client's appropriate follow-up care in the community.

Sec. 20. Minnesota Statutes 1988, section 245.473, subdivision 1, is amended to read:

Subdivision 1. [AVAILABILITY OF ACUTE CARE INPATIENT SERVICES.] By July 1, 1988, county boards must make available through contract or direct provision enough acute care hospital inpatient treatment services as close to the county as possible to meet the needs of persons for adults with mental illness residing in the county. Acute care hospital inpatient treatment services must be designed to:

- (1) stabilize the medical and mental health condition of people with acute or serious and persistent mental illness for which admission is required;
- (2) improve functioning to the point where discharge to residential treatment or community-based mental health services is possible; and
- (3) facilitate appropriate referrals, for follow-up, and placements mental health care in the community.

Sec. 21. Minnesota Statutes 1988, section 245.474, is amended to read:

245.474 [REGIONAL TREATMENT CENTER INPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF REGIONAL TREATMENT CENTER INPATIENT SERVICES.] By July 1, 1987, the commissioner shall make sufficient regional treatment center inpatient services available to people adults with mental illness throughout the state who need this level of care. Regional treatment centers are responsible to:

(1) stabilize the medical and mental health condition of the person with mental illness adult requiring the admission;

(2) improve functioning to the point where discharge to community-based mental health services is possible;

(3) strengthen family and community support; and

(4) facilitate appropriate discharge, aftercare, and referrals for follow-up placements mental health care in the community.

Subd. 2. [QUALITY OF SERVICE.] The commissioner shall biennially determine the needs of all mentally ill patients adults with mental illness who are served by regional treatment centers by administering a client-based evaluation system. The client-based evaluation system must include at least the following independent measurements: behavioral development assessment; habilitation program assessment; medical needs assessment; maladaptive behavioral assessment; and vocational behavior assessment. The commissioner shall propose staff ratios to the legislature for the mental health and support units in regional treatment centers as indicated by the results of the client-based evaluation system. The proposed staffing ratios shall include professional, nursing, direct care, medical, clerical, and support staff based on the client-based evaluation system. The commissioner shall recompute staffing ratios and recommendations on a biennial basis.

Subd. 3. [TRANSITION TO COMMUNITY.] Regional treatment centers must plan for and assist clients in making a transition from regional treatment centers to other community-based services. In coordination with the client's case manager, if any, regional treatment centers must also arrange for appropriate follow-up care in the community during the transition period. Before a client is discharged, the regional treatment center must notify the client's case manager, so that the case manager can monitor and coordinate the transition and arrangements for the client's appropriate follow-up care in the community.

Sec. 22. Minnesota Statutes 1988, section 245.476, subdivision 1, is amended to read:

Subdivision 1. [SCREENING REQUIRED.] No later than January 1, ~~1991~~ 1992, the county board shall screen all ~~persons~~ adults before they may be admitted for treatment of mental illness to a residential treatment facility, an acute care hospital, or informally admitted to a regional treatment center if public funds are used to pay for the services. Screening prior to admission must occur within ten days. If a ~~person~~ an adult is admitted for treatment of mental illness on an emergency basis to a residential facility or acute care hospital or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five days of the admission. ~~Persons~~ Adults must be screened within ten days before or within five days after admission to ensure that:

- (1) an admission is necessary,
- (2) the length of stay is as short as possible consistent with individual client need, and
- (3) the case manager, if assigned, is developing an individual community support plan.

The screening process and placement decision must be documented in the client's record.

An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible for the review, and review criteria are comparable to the standards specified in clauses (1) to (3).

Sec. 23. Minnesota Statutes 1988, section 245.476, subdivision 3, is amended to read:

Subd. 3. [INDIVIDUAL PLACEMENT AGREEMENT.] The county board shall enter into an individual placement agreement with a provider of residential treatment services to a ~~person~~ an adult eligible for services under this section. The agreement must specify the payment rate and terms and conditions of county payment for the placement.

Sec. 24. Minnesota Statutes 1988, section 245.476, is amended by adding a subdivision to read:

Subd. 4. [TASK FORCE ON RESIDENTIAL AND INPATIENT TREATMENT SERVICES FOR ADULTS.] The commissioner of human services shall appoint a task force on residential and inpatient treatment services for adults. The task force must include

representatives from each of the mental health professional categories defined in section 245.462, subdivision 18, the Minnesota mental health association, the Minnesota alliance for the mentally ill, the Minnesota mental health law project, the Minnesota association of mental health residential facilities, the Minnesota hospital association, department of human services staff, the department of education, the department of corrections, the ombudsman for mental health and mental retardation, and counties. The task force shall examine and evaluate existing mechanisms that have as their purpose review of appropriate admission and need for continued care for clients admitted to residential treatment, acute care hospital inpatient treatment, and regional treatment center inpatient treatment. These mechanisms shall include at least the following: precommitment screening, licensure and reimbursement rules, county monitoring, technical assistance, nursing home preadmission screening, hospital preadmission certification, and hospital retrospective reviews. The task force shall report to the legislature by February 15, 1990, on how existing mechanisms may be changed to accomplish the goals of screening as described in subdivision 1.

Sec. 25. Minnesota Statutes 1988, section 245.477, is amended to read:

245.477 [APPEALS.]

Any person adult who requests mental health services under sections 245.461 to 245.486 must be advised of services available and the right to appeal at the time of the request and each time the individual community service support plan or individual treatment plan is reviewed. Any person adult whose request for mental health services under sections 245.461 to 245.486 is denied, not acted upon with reasonable promptness, or whose services are suspended, reduced, or terminated by action or inaction for which the county board is responsible under sections 245.461 to 245.486 may contest that action or inaction before the state agency as specified in section 256.045. The commissioner shall monitor the nature and frequency of administrative appeals under this section.

Sec. 26. Minnesota Statutes 1988, section 245.478, subdivision 2, is amended to read:

Subd. 2. [PROPOSAL CONTENT.] The local adult mental health proposal must include:

(1) the local adult mental health advisory council's or adult mental health subcommittee of an existing advisory council's report on unmet needs of adults and any other needs assessment used by the county board in preparing the local adult mental health proposal;

(2) a description of the local adult mental health advisory council's

or the adult mental health subcommittee of an existing advisory council's involvement in preparing the local adult mental health proposal and methods used by the county board to obtain ensure adequate and timely participation of citizens, mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of clients who received each of the mental health services listed in sections 245.468 to 245.476, and actual expenditures for each mental health service and service waiting lists; and

(4) for the first proposal period only, information for the year during which the proposal is being prepared:

(i) a description of the current mental health system identifying each mental health service listed in sections 245.468 to 245.476;

(ii) a description of each service provider, including a listing of the professional qualifications of the staff involved in service delivery; that is either the sole provider of one of the mental health services described in sections 245.468 to 245.476 or that provides over \$10,000 of mental health services per year for the county;

(iii) a description of how the mental health services in the county are unified and coordinated;

(iv) the estimated number of clients receiving each mental health service;

(v) estimated expenditures for each mental health service; and

(6) the following information describing how the county board intends to meet the requirements of sections 245.461 to 245.486 during the proposal period:

(i) specific objectives and outcome goals for each adult mental health service listed in sections 245.468 245.461 to 245.476 245.486;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the adult mental health services described in sections 245.468 245.461 to 245.476 245.486 or to provide over \$10,000 of adult mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery for the county;

(iii) a description of how the adult mental health services in the county will be unified and coordinated;

(iv) the estimated number of clients who will receive each adult mental health service; and

(v) estimated expenditures for each adult mental health service and revenues for the entire proposal.

Sec. 27. Minnesota Statutes 1988, section 245.478, subdivision 3, is amended to read:

Subd. 3. [PROPOSAL FORMAT.] The local adult mental health proposal must be made in a format prescribed by the commissioner.

Sec. 28. Minnesota Statutes 1988, section 245.479, is amended to read:

245.479 [COUNTY OF FINANCIAL RESPONSIBILITY.]

For purposes of sections 245.461 to 245.486 and 245.487 to 245.4887, the county of financial responsibility is determined under section 256G.02, subdivision 4. Disputes between counties regarding financial responsibility must be resolved by the commissioner in accordance with section 256G.09.

Sec. 29. Minnesota Statutes 1988, section 245.48, is amended to read:

245.48 [MAINTENANCE OF EFFORT.]

Counties must continue to spend for mental health services specified in sections 245.461 to 245.486 and 245.487 to 245.4887, according to generally accepted budgeting and accounting principles, an amount equal to the total expenditures shown in the county's approved 1987 Community Social Services Act plan under "State CSSA, Title XX and County Tax" for services to persons with mental illness plus the comparable figure for Rule 5 facilities under target populations other than mental illness in the approved 1987 CSSA plan.

Sec. 30. [245.481] [FEES FOR MENTAL HEALTH SERVICES.]

A client or, in the case of a child, the child or the child's parent may be required to pay a fee for mental health services provided under sections 245.461 to 245.486 and 245.487 to 245.4887. The fee must be based on the person's ability to pay according to the fee schedule adopted by the county board. In adopting the fee schedule for mental health services, the county board may adopt the fee schedule provided by the commissioner or adopt a fee schedule recommended by the county board and approved by the commissioner. Agencies or individuals under contract with a county board to provide mental health services under sections 245.461 to 245.486

and 245.487 to 245.4887 must not charge clients whose mental health services are paid wholly or in part from public funds fees which exceed the county board's adopted fee schedule. This section does not apply to regional treatment center fees, which are governed by sections 246.50 to 246.55.

Sec. 31. [245.4815] [EMPLOYABILITY PILOT PROJECTS.]

The commissioner of human services, in cooperation with the commissioner of jobs and training, shall provide grants to county boards for employability pilot projects. The pilot project program shall be a collaborative effort of the division of mental health of the department of human services and the division of rehabilitative services of the department of jobs and training. Pilot projects should:

- (1) be innovative in design and have the potential for replication;
- (2) be coordinated with community support programs and not duplicative of existing programs of division of rehabilitative services;
- (3) be community based and have as their focus the provision of real work opportunities based on client choice and self-determination;
- (4) be capable of serving persons with different functional levels;
- (5) take into consideration individual tolerances; and
- (6) provide a range of work opportunities, from several hours of work to full-time employment.

Pilot projects proposed by counties may include, but are not limited to: world of work and volunteer opportunities, consumer run businesses, cottage industries, enhancement of educational and training experiences, creative job placements, and support tailored to individual choice and need.

At least one pilot project shall be located in rural Minnesota, and at least one pilot project in the Twin Cities metropolitan area.

Sec. 32. Minnesota Statutes 1988, section 245.482, is amended to read:

245.482 [REPORTING AND EVALUATION.]

Subdivision 1. [FISCAL REPORTS.] The commissioner shall develop a unified format for quarterly fiscal reports that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486, 245.487 to 245.4887, and section

256E.08. The county board shall submit a completed fiscal report in the required format no later than 15 30 days after the end of each quarter.

Subd. 2. [PROGRAM REPORTS.] The commissioner shall develop a unified format formats for an annual program report that reporting, which will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486, 245.487 to 245.4887, and section 256E.10. The county board shall submit a completed program report reports in the required format by March 15 of each year according to the reporting schedule developed by the commissioner.

Subd. 3. [PROVIDER REPORTS.] The commissioner may develop a format formats and procedures for direct reporting from providers to the commissioner to include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and 245.487 to 245.4887. In particular, the provider reports must include aggregate information by county of residence about mental health services paid for by funding sources other than counties.

Subd. 4. [COMMISSIONER'S CONSOLIDATED REPORTING RECOMMENDATIONS.] The commissioner's reports of February 15, 1990, required under sections 245.461, subdivision 3, and 245.487, subdivision 4, shall include recommended measures to provide coordinated, interdepartmental efforts to ensure early identification and intervention for children with, or at risk of developing, emotional disturbance, to improve the efficiency of the mental health funding mechanisms, and to standardize and consolidate fiscal and program reporting. The recommended measures must provide that client needs are met in an effective and accountable manner and that state and county resources are used as efficiently as possible. The commissioner shall consider the advice of the state advisory council and the children's subcommittee in developing these recommendations.

Subd. 4 5. [INACCURATE OR INCOMPLETE REPORTS.] The commissioner shall promptly notify a county or provider if a required report is clearly inaccurate or incomplete. The commissioner may delay all or part of a mental health fund payment if an appropriately completed report is not received as required by this section.

Subd. 5 6. [STATEWIDE EVALUATION.] The commissioner shall use the county and provider reports required by this section to complete the statewide report required in section sections 245.461 and 245.487.

Sec. 33. Minnesota Statutes 1988, section 245.483, is amended to read:

245.483 [TERMINATION OR RETURN OF AN ALLOCATION.]

Subdivision 1. [FUNDS NOT PROPERLY USED.] If the commissioner determines that a county is not meeting the requirements of sections 245.461 to 245.486 and 245.487 to 245.4887, or that funds are not being used according to the approved local proposal, all or part of the mental health and community social service act funds may be terminated upon 30 days notice to the county board. The commissioner may require repayment of any funds not used according to the approved local proposal. If the commissioner receives a written appeal from the county board within the 30-day period, opportunity for a hearing under the Minnesota administrative procedure act, chapter 14, must be provided before the allocation is terminated or is required to be repaid. The 30-day period begins when the county board receives the commissioner's notice by certified mail.

Subd. 2. [USE OF RETURNED FUNDS.] The commissioner may reallocate the funds returned.

Subd. 3. [DELAYED PAYMENTS.] If the commissioner finds that a county board or its contractors are not in compliance with the approved local proposal or sections 245.461 to 245.486 and 245.487 to 245.4887, the commissioner may delay payment of all or part of the quarterly mental health and community social service act funds until the county board and its contractors meet the requirements. The commissioner shall not delay a payment longer than three months without first issuing a notice under subdivision 2 that all or part of the allocation will be terminated or required to be repaid. After this notice is issued, the commissioner may continue to delay the payment until completion of the hearing in subdivision 2.

Subd. 4. [STATE ASSUMPTION OF RESPONSIBILITY.] If the commissioner determines that services required by sections 245.461 to 245.486 and 245.487 to 245.4887 will not be provided by the county board in the manner or to the extent required by sections 245.461 to 245.486 and 245.487 to 245.4887, the commissioner shall contract directly with providers to ensure that clients receive appropriate services. In this case, the commissioner shall use the county's community social service act and mental health funds to the extent necessary to carry out the county's responsibilities under sections 245.461 to 245.486 and 245.487 to 245.4887. The commissioner shall work with the county board to allow for a return of authority and responsibility to the county board as soon as compliance with sections 245.461 to 245.486 and 245.487 to 245.4887 can be assured.

Sec. 34. Minnesota Statutes 1988, section 245.484, is amended to read:

245.484 [RULES.]

The commissioner shall adopt permanent rules as necessary to carry out Laws 1987, chapter 493 sections 245.461 to 245.486 and sections 1 to 54.

Sec. 35. Minnesota Statutes 1988, section 245.485, is amended to read:

245.485 [NO RIGHT OF ACTION.]

Sections 245.461 to 245.484 and 245.487 to 245.4887 do not independently establish a right of action on behalf of recipients of services or service providers against a county board or the commissioner. A claim for monetary damages must be brought under section 3.736 or 3.751.

Sec. 36. Minnesota Statutes 1988, section 245.486, is amended to read:

245.486 [LIMITED APPROPRIATIONS.]

Nothing in sections 245.461 to 245.485 and 245.487 to 245.4887 shall be construed to require the commissioner or county boards to fund services beyond the limits of legislative appropriations.

Sec. 37. [245.4861] [PUBLIC/ACADEMIC LIAISON INITIATIVE.]

Subdivision 1. [ESTABLISHMENT OF LIAISON INITIATIVE.] The commissioner of human services, in consultation with the appropriate post-secondary institutions, shall establish a public/academic liaison initiative to coordinate and develop brain research and education and training opportunities for mental health professionals in order to improve the quality of staffing and provide state-of-the-art services to residents in regional treatment centers and other state facilities.

Subd. 2. [CONSULTATION.] The commissioner of human services shall consult with the Minnesota department of health, the regional treatment centers, the post-secondary educational system, mental health professionals, and citizen and advisory groups.

Subd. 3. [LIAISON INITIATIVE PROGRAMS.] The liaison initiative shall plan, implement, and administer programs which accomplish the objectives of subdivision 1. These shall include but are not limited to:

(1) encourage and coordinate joint research efforts between academic research institutions throughout the state and regional treatment centers, community mental health centers, and other

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organizations conducting research on mental illness or working with individuals who are mentally ill;

(2) sponsor and conduct basic research on mental illness and applied research on existing treatment models and community support programs;

(3) seek to obtain grants for research on mental illness from the National Institute of Mental Health and other funding sources;

(4) develop and provide grants for training, internship, scholarship, and fellowship programs for mental health professionals, in an effort to combine academic education with practical experience obtained at regional treatment centers and other state facilities, and to increase the number of mental health professionals working in the state.

Subd. 4. [PRIVATE AND FEDERAL FUNDING.] The liaison initiative shall seek private and federal funds to supplement the appropriation provided by the state. Individuals, businesses, and other organizations may contribute to the liaison initiative. All money received shall be administered by the commissioner of human services to implement and administer the programs listed in subdivision 3.

Subd. 5. [REPORT.] By January 15 of each year, the commissioner of human services shall submit to the legislature a liaison initiative report. The annual report shall also contain a financial report for the preceding year, including all receipts and expenditures of the liaison initiative.

Sec. 38. [245.487] [CITATION; DECLARATION OF POLICY; MISSION.]

Subdivision 1. [CITATION.] Sections 245.487 to 245.4887 may be cited as the "Minnesota comprehensive children's mental health act."

Subd. 2. [FINDINGS.] The legislature finds there is a need for further development of existing clinical services for emotionally disturbed children and their families and the creation of new services for this population. Although the services specified in sections 245.487 to 245.4887 are mental health services, sections 245.487 to 245.4887 emphasize the need for a child-oriented and family-oriented approach of therapeutic programming and the need for continuity of care with other community agencies. At the same time, sections 245.487 to 245.4887 emphasize the importance of specialized mental health expertise in children's mental health because of the unique needs of this population.

Nothing in this act shall be construed to abridge the authority of the court to make dispositions under chapter 260.

Subd. 3. [MISSION OF CHILDREN'S MENTAL HEALTH SERVICE SYSTEM.] As part of the comprehensive children's mental health system established under sections 245.487 to 245.4887, the commissioner of human services shall create and ensure a unified, accountable, comprehensive children's mental health service system that is consistent with the provision of public social services for children as specified in section 256F.01 and that:

- (1) identifies children who are eligible for mental health services;
- (2) makes preventive services available to all children;
- (3) assures access to a continuum of services that:
 - (i) educate the community about the mental health needs of children;
 - (ii) address the unique physical, emotional, social, and educational needs of children;
 - (iii) are coordinated with the range of social and human services provided to children and their families by the departments of education, human services, health, and corrections;
 - (iv) are appropriate to the developmental needs of children; and
 - (v) are sensitive to cultural differences and special needs;
- (4) includes early screening and prompt intervention to:
 - (i) identify and treat the mental health needs of children in the least restrictive setting appropriate to their needs; and
 - (ii) prevent further deterioration;
- (5) provides mental health services to children and their families in the context in which the children live and go to school;
- (6) addresses the unique problems of paying for mental health services for children, including:
 - (i) access to private insurance coverage; and
 - (ii) public funding;

(7) includes the child and the child's family in planning the child's program of mental health services, unless clinically inappropriate to the child's needs; and

(8) when necessary, assures a smooth transition from mental health services appropriate for a child to mental health services needed by a person who is at least 18 years of age.

Subd. 4. [IMPLEMENTATION.] (a) The commissioner shall begin implementing sections 245.487 to 245.4887 by February 15, 1990, and shall fully implement sections 245.487 to 245.4887 by January 1, 1992.

(b) Annually until February 15, 1992, the commissioner shall report to the legislature on all steps taken and recommendations for full implementation of sections 245.487 to 245.4887 and on additional resources needed to further implement those sections.

Subd. 5. [CONTINUATION OF EXISTING MENTAL HEALTH SERVICES FOR CHILDREN.] Counties shall make available case management, community support services, and day treatment to children eligible to receive these services under Minnesota Statutes 1988, section 245.471. No later than August 1, 1989, the county board shall notify providers in the local system of care of their obligations to refer children eligible for case management and community support services as of January 1, 1989. The notice shall indicate which children are eligible, a description of the services, and the name of the county employee designated to coordinate case management activities.

Sec. 39. [245.4871] [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] The definitions in this section apply to sections 245.487 to 245.4887.

Subd. 2. [ACUTE CARE HOSPITAL INPATIENT TREATMENT.] "Acute care hospital inpatient treatment" means short-term medical, nursing, and psychosocial services provided in an acute care hospital licensed under chapter 144.

Subd. 3. [CASE MANAGEMENT SERVICES.] "Case management services" means activities designed to help the child with severe emotional disturbance and the child's family obtain needed mental health services, social services, educational services, health services, vocational services, recreational services, and related services in the areas of volunteer services, advocacy, transportation, and legal services. Case management services include obtaining a comprehensive diagnostic assessment, developing a functional assessment, developing an individual family community support plan, and assisting the child and the child's family in obtaining needed

services by coordination with other agencies and assuring continuity of care. Case managers must assess and reassess the delivery, appropriateness, and effectiveness of these services over time.

Subd. 4. [CASE MANAGER.] (a) "Case manager" means an individual employed by the county or other entity authorized by the county board to provide case management services specified in subdivision 3 for the child with severe emotional disturbance and the child's family. A case manager must have experience and training in working with children.

(b) A case manager must:

(1) have at least a bachelor's degree in one of the behavioral sciences or a related field from an accredited college or university;

(2) have at least 2,000 hours of supervised experience in the delivery of mental health services to children;

(3) have experience and training in identifying and assessing a wide range of children's needs; and

(4) be knowledgeable about local community resources and how to use those resources for the benefit of children and their families.

(c) The case manager may be a member of any professional discipline that is part of the local system of care for children established by the county board.

(d) The case manager must meet in person with a mental health professional at least once each month to obtain clinical supervision.

(e) Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbance must:

(1) begin 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of children with severe emotional disturbance before beginning to provide case management services; and

(2) receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of experience is met.

(f) Clinical supervision must be documented in the child's record. When the case manager is not a mental health professional, the county board must provide or contract for needed clinical supervision.

(g) The county board must ensure that the case manager has the freedom to access and coordinate the services within the local system of care that are needed by the child.

(h) Until June 30, 1991, a refugee who does not have the qualifications specified in this subdivision may provide case management services to child refugees with severe emotional disturbance of the same ethnic group as the refugee if the person:

(1) is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or related fields at an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

Subd. 5. [CHILD.] "Child" means a person under 18 years of age.

Subd. 6. [CHILD WITH SEVERE EMOTIONAL DISTURBANCE.] For purposes of eligibility for case management and family community support services, "child with severe emotional disturbance" means a child who has an emotional disturbance and who meets one of the following criteria:

(1) the child has been admitted within the last three years or is at risk of being admitted to inpatient treatment or residential treatment for an emotional disturbance; or

(2) the child is a Minnesota resident and is receiving inpatient treatment or residential treatment for an emotional disturbance through the interstate compact; or

(3) the child has one of the following as determined by a mental health professional:

(i) psychosis or a clinical depression; or

(ii) risk of harming self or others as a result of an emotional disturbance; or

(iii) psychopathological symptoms as a result of being a victim of physical or sexual abuse or of psychic trauma within the past year; or

(4) the child, as a result of an emotional disturbance, has significantly impaired home, school, or community functioning that has

lasted at least one year or that, in the written opinion of a mental health professional, presents substantial risk of lasting at least one year.

The term "child with severe emotional disturbance" shall be used only for purposes of county eligibility determinations. In all other written and oral communications, case managers, mental health professionals, mental health practitioners, and all other providers of mental health services shall use the term "child eligible for mental health case management" in place of "child with severe emotional disturbance."

Subd. 7. [CLINICAL SUPERVISION.] "Clinical supervision" means the oversight responsibility for individual treatment plans and individual mental health service delivery, including that provided by the case manager. Clinical supervision does not include authority to make or terminate court-ordered placements of the child. Clinical supervision must be accomplished by full-time or part-time employment of or contracts with mental health professionals. The mental health professional must document the clinical supervision by cosigning individual treatment plans and by making entries in the client's record on supervisory activities.

Subd. 8. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 9. [COUNTY BOARD.] "County board" means the county board of commissioners or board established under the joint powers act, section 471.59, or the human services board act, sections 402.01 to 402.10.

Subd. 10. [DAY TREATMENT SERVICES.] "Day treatment," "day treatment services," or "day treatment program" means a structured program of treatment and care provided to a child in:

(1) an outpatient hospital accredited by the joint commission on accreditation of health organizations and licensed under sections 144.50 to 144.55;

(2) a community mental health center under section 245.62;

(3) an entity that is under contract with the county board to operate a program that meets the requirements of section 245.4881, subdivision 7, and Minnesota Rules, parts 9505.0170 to 9505.0475; or

(4) an entity that operates a program that meets the requirements of section 245.4881, subdivision 7, and Minnesota Rules, parts 9505.0170 to 9505.0475, that is under contract with an entity that is under contract with a county board.

Day treatment consists of group psychotherapy and other intensive therapeutic services that are provided for a minimum three-hour time block by a multidisciplinary staff under the clinical supervision of a mental health professional. The services are aimed at stabilizing the child's mental health status, and developing and improving the child's daily independent living and socialization skills. Day treatment services are distinguished from day care by their structured therapeutic program of psychotherapy services. Day treatment services are not a part of inpatient hospital or residential treatment services. Day treatment services for a child are an integrated set of education, therapy, and family interventions.

A day treatment service must be available to a child at least five days a week throughout the year and must be coordinated with, integrated with, or part of an education program offered by the child's school.

Subd. 11. [DIAGNOSTIC ASSESSMENT.] "Diagnostic assessment" means a written evaluation by a mental health professional of:

(1) a child's current life situation and sources of stress, including reasons for referral;

(2) the history of the child's current mental health problem or problems, including important developmental incidents, strengths, and vulnerabilities;

(3) the child's current functioning and symptoms;

(4) the child's diagnosis including a determination of whether the child meets the criteria of severely emotionally disturbed as specified in subdivision 6; and

(5) the mental health services needed by the child.

Subd. 12. [EARLY IDENTIFICATION AND INTERVENTION SERVICES.] "Early identification and intervention services" means services that are designed to identify children who are at risk of needing or who need mental health services and that arrange for intervention and treatment.

Subd. 13. [EDUCATION AND PREVENTION SERVICES.] (a) "Education and prevention services" means services designed to:

(1) educate the general public and groups identified as at risk of developing emotional disturbance under section 245.4872, subdivision 3;

(2) increase the understanding and acceptance of problems associated with emotional disturbances;

(3) improve people's skills in dealing with high-risk situations known to affect children's mental health and functioning; and

(4) refer specific children or their families with mental health needs to mental health services.

(b) The services include distribution to individuals and agencies identified by the county board and the local children's mental health advisory council of information on predictors and symptoms of emotional disturbances, where mental health services are available in the county, and how to access the services.

Subd. 14. [EMERGENCY SERVICES.] "Emergency services" means an immediate response service available on a 24-hour, seven-day-a-week basis for each child having a psychiatric crisis, a mental health crisis, or a mental health emergency.

Subd. 15. [EMOTIONAL DISTURBANCE.] "Emotional disturbance" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that:

(1) is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III; and

(2) seriously limits a child's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, school, and recreation.

"Emotional disturbance" is a generic term and is intended to reflect all categories of disorder described in DSM-MD, current edition, as "usually first evident in childhood or adolescence."

Subd. 16. [FAMILY.] "Family" means a child and one or more of the following persons whose participation is necessary to accomplish the child's treatment goals: (1) a person related to the child by blood, marriage, or adoption; (2) a person who is the child's foster parent or significant other; (3) a person who is the child's legal representative.

Subd. 17. [FAMILY COMMUNITY SUPPORT SERVICES.] "Family community support services" means services provided under the clinical supervision of a mental health professional and designed to help each child with severe emotional disturbance to function and remain with the child's family in the community.

Family community support services do not include acute care hospital inpatient treatment, residential treatment services, or regional treatment center services. Family community support services include:

(1) client outreach to each child with severe emotional disturbance and the child's family;

(2) medication monitoring where necessary;

(3) assistance in developing independent living skills;

(4) assistance in developing parenting skills necessary to address the needs of the child with severe emotional disturbance;

(5) assistance with leisure and recreational activities;

(6) crisis assistance, including crisis placement and respite care;

(7) professional home-based family treatment;

(8) foster care with therapeutic supports;

(9) day treatment;

(10) assistance in locating respite care and special needs day care; and

(11) assistance in obtaining potential financial resources, including those benefits listed in section 245.4881, subdivision 10.

Subd. 18. [FUNCTIONAL ASSESSMENT.] "Functional assessment" means an assessment by the case manager of the child's:

(1) mental health symptoms as presented in the child's diagnostic assessment;

(2) mental health needs as presented in the child's diagnostic assessment;

(3) use of drugs and alcohol;

(4) vocational and educational functioning;

(5) social functioning, including the use of leisure time;

(6) interpersonal functioning, including relationships with the child's family;

- (7) self-care and independent living capacity;
- (8) medical and dental health;
- (9) financial assistance needs;
- (10) housing and transportation needs; and
- (11) other needs and problems.

Subd. 19. [INDIVIDUAL FAMILY COMMUNITY SUPPORT PLAN.] "Individual family community support plan" means a written plan developed by a case manager in conjunction with the family and the child with severe emotional disturbance on the basis of a diagnostic assessment and a functional assessment. The plan identifies specific services needed by a child and the child's family to:

- (1) treat the symptoms and dysfunctions determined in the diagnostic assessment;
- (2) relieve conditions leading to emotional disturbance and improve the personal well-being of the child;
- (3) improve family functioning;
- (4) enhance daily living skills;
- (5) improve functioning in education and recreation settings;
- (6) improve interpersonal and family relationships;
- (7) enhance vocational development; and
- (8) assist in obtaining transportation, housing, health services, and employment.

Subd. 20. [INDIVIDUAL PLACEMENT AGREEMENT.] "Individual placement agreement" means a written agreement or supplement to a service contract entered into between the county board and a service provider on behalf of a child to provide residential treatment services.

Subd. 21. [INDIVIDUAL TREATMENT PLAN.] "Individual treatment plan" means a written plan of intervention, treatment, and services for a child with an emotional disturbance that is developed by a service provider under the clinical supervision of a mental health professional on the basis of a diagnostic assessment. An individual treatment plan for a child must be developed in

conjunction with the family unless clinically inappropriate. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing treatment goals and objectives, and the individuals responsible for providing treatment to the child with an emotional disturbance.

Subd. 22. [LEGAL REPRESENTATIVE.] "Legal representative" means a guardian, conservator, or guardian ad litem of a child with an emotional disturbance authorized by the court to make decisions about mental health services for the child.

Subd. 23. [LOCAL MENTAL HEALTH PROPOSAL.] "Local mental health proposal" means the proposal developed by the county board, reviewed by the commissioner, and described in section 245.4872.

Subd. 24. [LOCAL SYSTEM OF CARE.] "Local system of care" means services that are locally available to the child and the child's family. The services are mental health, social services, correctional services, education services, health services, and vocational services.

Subd. 25. [MENTAL HEALTH FUNDS.] "Mental health funds" are funds expended under sections 245.73 and 256E.12, federal mental health block grant funds, and funds expended under sections 256D.06 and 256D.37 to facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.

Subd. 26. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to children with emotional disturbances. A mental health practitioner must have training and experience in working with children. A mental health practitioner must be qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and has at least 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbances;

(2) has at least 6,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbances;

(3) is a graduate student in one of the behavioral sciences or related fields and is formally assigned by an accredited college or university to an agency or facility for clinical training; or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or

university and has less than 4,000 hours post-master's experience in the treatment of emotional disturbance.

Subd. 27. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the diagnosis and treatment of children's emotional disorders. A mental health professional must have training and experience in working with children consistent with the age group to which the mental health professional is assigned. A mental health professional must be qualified in at least one of the following ways:

(1) in psychiatric nursing, the mental health professional must be a registered nurse who is licensed under sections 148.171 to 148.285 and who is certified as a clinical specialist in psychiatric or mental health nursing by the American nurses association;

(2) in clinical social work, the mental health professional must be a person licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental disorders;

(3) in psychology, the mental health professional must be a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental disorders;

(4) in psychiatry, the mental health professional must be a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields, the mental health professional must be a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of emotional disturbances.

Subd. 28. [MENTAL HEALTH SERVICES.] "Mental health services" means at least all of the treatment services and case management activities that are provided to children with emotional disturbances and are described in sections 245.487 to 245.4887.

Subd. 29. [OUTPATIENT SERVICES.] "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the clinical supervision of a mental health professional to children with emotional disturbances who live outside a hospital. Outpatient services include clinical activities such as individual, group, and family

therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Subd. 30. [PARENT.] "Parent" means the birth or adoptive mother or father of a child. This definition does not apply to a person whose parental rights have been terminated in relation to the child.

Subd. 31. [PROFESSIONAL HOME-BASED FAMILY TREATMENT.] "Professional home-based family treatment" means intensive mental health services provided to children (1) who are at risk of out-of-home placement; (2) who are in out-of-home placement; or (3) who are returning from out-of-home placement because of an emotional disturbance. Services are provided to the child and the child's family primarily in the child's home environment or other location appropriate to the child. Examples of appropriate locations include, but are not limited to, the child's school, day care center, home, and any other living arrangement of the child. Services must be provided on an individual family basis, must be child-oriented and family-oriented, and must be designed to meet the specific mental health needs of the child and the child's family. Services include family and individual therapy and family living skills training and must be coordinated with other service providers.

Subd. 32. [RESIDENTIAL TREATMENT.] "Residential treatment" means a 24-hour-a-day program under the clinical supervision of a mental health professional, in a community residential setting other than an acute care hospital or regional treatment center inpatient unit, that must be licensed as a residential treatment program for children with emotional disturbances under Minnesota Rules, parts 9545.0900 to 9545.1090, or other rules adopted by the commissioner.

Subd. 33. [SERVICE PROVIDER.] "Service provider" means either a county board or an individual or agency including a regional treatment center under contract with the county board that provides children's mental health services funded under sections 245.487 to 245.4887.

Subd. 34. [THERAPEUTIC SUPPORT OF FOSTER CARE.] "Therapeutic support of foster care" means the mental health training and mental health support services and clinical supervision provided by a mental health professional to foster families caring for children with severe emotional disturbance to provide a therapeutic family environment and support for the child's improved functioning.

Sec. 40. [245.4872] [PLANNING FOR A CHILDREN'S MENTAL HEALTH SYSTEM.]

Subdivision 1. [PLANNING EFFORT.] Starting on the effective date of sections 245.487 to 245.4887 and ending January 1, 1992, the

commissioner and the county agencies shall plan for the development of a unified, accountable, and comprehensive statewide children's mental health system. The system must be planned and developed by stages until it is operating at full capacity.

Subd. 2. [TECHNICAL ASSISTANCE.] The commissioner shall provide ongoing technical assistance to county boards to develop local mental health proposals as specified in section 245.4887, to improve system capacity and quality. The commissioner and county boards shall exchange information as needed about the numbers of children with emotional disturbances residing in the county and the extent of existing treatment components locally available to serve the needs of those persons. County boards shall cooperate with the commissioner in obtaining necessary planning information upon request.

Subd. 3. [INFORMATION TO COUNTIES.] By January 1, 1990, the commissioner shall provide each county with information about the predictors and symptoms of children's emotional disturbances and information about groups identified as at risk of developing emotional disturbance.

Sec. 41. [245.4873] [COORDINATION OF CHILDREN'S MENTAL HEALTH SYSTEM.]

Subdivision 1. [STATE AND LOCAL COORDINATION.] Coordination of the development and delivery of mental health services for children shall occur on the state and local levels to assure the availability of services to meet the mental health needs of children in a cost-effective manner.

Subd. 2. [STATE LEVEL; COORDINATION.] The commissioners or designees of commissioners of the departments of human services, health, education, state planning, and corrections, and a representative of the Minnesota district judges association juvenile committee, in conjunction with the commissioner of commerce or a designee of the commissioner shall meet at least quarterly through 1992 to:

(1) educate each agency about the policies, procedures, funding, and services for children with emotional disturbances of all agencies represented;

(2) develop mechanisms for interagency coordination on behalf of children with emotional disturbances;

(3) identify barriers including policies and procedures within all agencies represented that interfere with delivery of mental health services for children;

(4) recommend policy and procedural changes needed to improve

development and delivery of mental health services for children in the agency or agencies they represent;

(5) identify mechanisms for better use of federal and state funding in the delivery of mental health services for children; and

(6) prepare an annual report on the policy and procedural changes needed to implement a coordinated, effective, and cost-efficient children's mental health delivery system.

This report shall be submitted to the legislature and the state mental health advisory council annually until February 15, 1992, as part of the report required under section 245.487, subdivision 4. The report shall include information from each department represented on:

(1) the number of children in each department's system who require mental health services;

(2) the number of children in each system who receive mental health services;

(3) how mental health services for children are funded within each system;

(4) how mental health services for children could be coordinated to provide more effectively appropriate mental health services for children; and

(5) recommendations for the provision of early screening and identification of mental illness in each system.

Subd. 3. [LOCAL LEVEL COORDINATION.] (a) Each agency represented in the local system of care coordinating council, including mental health, social services, education, health, corrections, and vocational services as specified in section 245.4875, subdivision 6, is responsible for local coordination and delivery of mental health services for children. The county board shall establish a coordinating council that provides at least:

(1) written interagency agreements with the providers of the local system of care to coordinate the delivery of services to children; and

(2) an annual report of the council to the local county board and the children's mental health advisory council about the unmet children's needs and service priorities.

(b) Each coordinating council shall collect information about the local system of care and report annually to the commissioner of human services on forms and in the manner provided by the

commissioner. The report must include a description of the services provided through each of the service systems represented on the council, the various sources of funding for services and the amounts actually expended, a description of the numbers and characteristics of the children and families served during the previous year, and an estimate of unmet needs. Each service system represented on the council shall provide information to the council as necessary to compile the report.

Subd. 4. [INDIVIDUAL CASE COORDINATION.] The case manager designated under section 245.4881 is responsible for ongoing coordination with any other person responsible for planning, development, and delivery of social services, education, corrections, health, or vocational services for the individual child. The family community support plan developed by the case manager shall reflect the coordination among the local service system providers.

Subd. 5. [DUTIES OF THE COMMISSIONER.] The commissioner shall supervise the development and coordination of locally available children's mental health services by the county boards in a manner consistent with sections 245.487 to 245.4887. The commissioner shall review local mental health service proposals developed by county boards as specified in section 245.4872 and provide technical assistance to county boards in developing and maintaining locally available and coordinated children's mental health services. The commissioner shall monitor the county board's progress in developing its full system capacity and quality through ongoing review of the county board's children's mental health proposals and other information as required by sections 245.487 to 245.4887.

Subd. 6. [PRIORITIES.] By January 1, 1992, the commissioner shall require that each of the treatment services and management activities described in sections 245.487 to 245.4887 be developed for children with emotional disturbances within available resources based on the following ranked priorities:

(1) the provision of locally available mental health emergency services;

(2) the provision of locally available mental health services to all children with severe emotional disturbance;

(3) the provision of early identification and intervention services to children who are at risk of needing or who need mental health services;

(4) the provision of specialized mental health services regionally available to meet the special needs of all children with severe emotional disturbance, and all children with emotional disturbances;

(5) the provision of locally available services to children with emotional disturbances; and

(6) the provision of education and preventive mental health services.

Sec. 42. [245.4874] [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local children's mental health service proposal required under section 245.4887, and approved by the commissioner. The county board must:

(1) develop a system of affordable and locally available children's mental health services according to sections 245.487 to 245.4887;

(2) coordinate the delivery of children's mental health services with services provided by social services, education, corrections, health, and vocational agencies to improve the availability of mental health services to children and the cost effectiveness of their delivery;

(3) assure that mental health services delivered according to sections 245.487 to 245.4887 are appropriate to the child's diagnostic assessment and individual treatment plan;

(4) provide the community with information about predictors and symptoms of emotional disturbances and how to access children's mental health services according to sections 245.4877 and 245.4878;

(5) provide for case management services to each child with severe emotional disturbance according to sections 245.486; 245.4871, subdivisions 3 and 4; and 245.4881, subdivisions 1, 3, and 5;

(6) provide for screening of each child under section 245.4885 upon admission to a residential treatment facility, acute care hospital inpatient treatment, or informal admission to a regional treatment center;

(7) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.487 to 245.4887;

(8) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract to the county to provide mental health services are qualified under section 245.4871; and

(9) assure that children's mental health services are coordinated with adult mental health services specified in sections 245.461 to 245.486 so that a continuum of mental health services is available to serve persons with mental illness, regardless of the person's age.

Sec. 43. [245.4875] [LOCAL SERVICE DELIVERY SYSTEM.]

Subdivision 1. [DEVELOPMENT OF CHILDREN'S SERVICES.] The county board in each county is responsible for using all available resources to develop and coordinate a system of locally available and affordable children's mental health services. The county board may provide some or all of the children's mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center under section 246.57 to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward fully implementing sections 245.487 to 245.4887 during the period July 1, 1989, to January 1, 1992. County boards must develop fully each of the treatment services prescribed by sections 245.487 to 245.4887 by January 1, 1992, according to the priorities established in section 245.4873 and the local children's mental health services proposal approved by the commissioner under section 245.4887.

Subd. 2. [CHILDREN'S MENTAL HEALTH SERVICES.] The children's mental health service system developed by each county board must include the following services:

(1) education and prevention services according to section 245.4877;

(2) early identification and intervention services according to section 245.4878;

(3) emergency services according to section 245.4879;

(4) outpatient services according to section 245.488;

(5) family community support services according to section 245.4881;

(6) day treatment services according to section 245.4881, subdivision 7;

(7) residential treatment services according to section 245.4882;

(8) acute care hospital inpatient treatment services according to section 245.4883;

(9) screening according to section 245.4885;

(10) case management according to section 245.4881;

(11) therapeutic support of foster care according to section 245.4881, subdivision 9; and

(12) professional home-based family treatment according to section 245.4881, subdivision 9.

Subd. 3. [LOCAL CONTRACTS.] The county board shall review all proposed county agreements, grants, or other contracts related to children's mental health services from any local, state, or federal governmental sources. Contracts with service providers must:

(1) name the commissioner as a third party beneficiary;

(2) identify monitoring and evaluation procedures not in violation of the Minnesota government data practices act, chapter 13, which are necessary to ensure effective delivery of quality services;

(3) include a provision that makes payments conditional on compliance by the contractor and all subcontractors with sections 245.487 to 245.4887 and all other applicable laws, rules, and standards; and

(4) require financial controls and auditing procedures.

Subd. 4. [JOINT COUNTY MENTAL HEALTH AGREEMENTS.] To efficiently provide the children's mental health services required by sections 245.487 to 245.4887, counties are encouraged to join with one or more county boards to establish a multicounty local children's mental health authority under the joint powers act, section 471.59, the human service board act, sections 402.01 to 402.10, community mental health center provisions, section 245.62, or enter into multicounty mental health agreements. Participating county boards shall establish acceptable ways of apportioning the cost of the services.

Subd. 5. [LOCAL CHILDREN'S ADVISORY COUNCIL.] (a) By October 1, 1989, the county board, individually or in conjunction with other county boards, shall establish a local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council or shall include persons on its existing mental health advisory council who are representatives of children's mental health interests. The following individuals must serve on the local children's mental health advisory council:

sory council, the children's mental health subcommittee of an existing local mental health advisory council, or be included on an existing mental health advisory council: (1) at least one person who was in a mental health program as a child or adolescent; (2) at least one parent of a child or adolescent with severe emotional disturbance; (3) one children's mental health professional; (4) representatives of minority populations of significant size residing in the county; (5) a representative of the children's mental health local coordinating council; and (6) one family community support services program representative.

(b) The local children's mental health advisory council or children's mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local children's mental health system. Annually, the local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council shall:

(1) arrange for input from the local system of care providers regarding coordination of care between the services; and

(2) identify for the county board the individuals, providers, agencies, and associations as specified in section 245.4877, clause (2).

(c) The county board shall consider the advice of its local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council in carrying out its authorities and responsibilities.

Subd. 6. [LOCAL SYSTEM OF CARE; COORDINATING COUNCIL.] The county board shall establish, by January 1, 1990, a council representing all members of the local system of care including mental health services, social services, correctional services, education services, health services, and vocational services. The council shall include a representative of an Indian reservation authority where a reservation exists within the county. The council must also include a representative of juvenile court or the court responsible for juvenile issues and law enforcement. The members of the coordinating council shall meet at least quarterly to develop recommendations to improve coordination and funding of services to children with severe emotional disturbances. A county may use an existing child-focused interagency task force to fulfill the requirements of this subdivision if the representatives and duties of the existing task force are expanded to include those specified in this subdivision and section 245.4873, subdivision 3.

Subd. 7. [OTHER LOCAL AUTHORITY.] The county board may establish procedures and policies that are not contrary to those of the commissioner or sections 245.487 to 245.4887 regarding local

children's mental health services and facilities. The county board shall perform other acts necessary to carry out sections 245.487 to 245.4887.

Sec. 44. [245.4876] [QUALITY OF SERVICES.]

Subdivision 1. [CRITERIA.] Children's mental health services required by sections 245.487 to 245.4887 must be:

- (1) based, when feasible, on research findings;
- (2) based on individual clinical, cultural, and ethnic needs, and other special needs of the children being served;
- (3) delivered in a manner that improves family functioning when clinically appropriate;
- (4) provided in the most appropriate, least restrictive setting available to the county board to meet the child's treatment needs;
- (5) accessible to all age groups of children;
- (6) appropriate to the developmental age of the child being served;
- (7) delivered in a manner that provides accountability to the child for the quality of service delivered and continuity of services to the child during the years the child needs services from the local system of care;
- (8) provided by qualified individuals as required in sections 245.487 to 245.4887;
- (9) coordinated with children's mental health services offered by other providers;
- (10) provided under conditions that protect the rights and dignity of the individuals being served; and
- (11) provided in a manner and setting most likely to facilitate progress toward treatment goals.

Subd. 2. [DIAGNOSTIC ASSESSMENT.] All residential treatment facilities and acute care hospital inpatient treatment services that provide mental health services for children must complete a diagnostic assessment for each of their child clients within five working days of admission. Providers of outpatient and day treatment services for children must complete a diagnostic assessment within ten working days of admission. In cases where a diagnostic assessment is available and has been completed within 90 days preceding admission, only updating is necessary.

Subd. 3. [INDIVIDUAL TREATMENT PLANS.] All outpatient services, day treatment services, family community support services, professional home-based family treatment, residential treatment facilities, acute care hospital inpatient treatment facilities, and regional treatment centers that provide mental health facilities for children must develop an individual treatment plan for each child client. The individual treatment plan must be based on a diagnostic assessment. To the extent appropriate, the child shall be involved in all phases of developing and implementing the individual treatment plan. The individual treatment plan must be developed within ten working days of client intake or admission and reviewed every 90 days after that date, except that the administrative review of the treatment plan of a child placed in a residential facility shall be as specified in section 257.071, subdivisions 2 and 4.

Subd. 4. [REFERRAL FOR CASE MANAGEMENT.] Each provider of emergency services, outpatient treatment, community support services, family community support services, day treatment services, professional home-based family treatment services, residential treatment facilities, acute care hospital inpatient treatment facilities, or regional treatment center services must inform each child with severe emotional disturbance, and the child's parent or legal representative, of the availability and potential benefits to the child of case management. The information shall be provided as specified in subdivision 5. If consent is obtained according to subdivision 5, the provider must refer the child by notifying the county employee designated by the county board to coordinate case management activities of the child's name and address and by informing the child's family of whom to contact to request case management. The provider must document compliance with this subdivision in the child's record.

Subd. 5. [CONSENT FOR SERVICES OR FOR RELEASE OF INFORMATION.] (a) Although sections 245.487 to 245.4887 require each county board, within the limits of available resources, to make the mental health services listed in those sections available to each child residing in the county who needs them, the county board shall not provide any services, either directly or by contract, unless consent to the services is obtained under this subdivision. The case manager assigned to a child with a severe emotional disturbance shall not disclose to any person other than the case manager's immediate supervisor and the mental health professional providing clinical supervision of the case manager information on the child, the child's family, or services provided to the child or the child's family without informed written consent unless required to do so by statute or under the Minnesota government data practices act. Informed written consent must comply with section 13.05, subdivision 4, paragraph (d), and specify the purpose and use for which the case manager may disclose the information.

(b) The consent or authorization must be obtained from the child's

parent unless: (1) the parental rights are terminated; or (2) consent is otherwise provided under sections 144.341 to 144.347; 253B.04, subdivision 1; 260.133; 260.135; and 260.191, subdivision 1, the terms of appointment of a court-appointed guardian or conservator, or federal regulations governing chemical dependency services.

Subd. 6. [INFORMATION FOR BILLING.] Each provider of outpatient treatment, family community support services, day treatment services, emergency services, professional home-based family treatment services, residential treatment, or acute care hospital inpatient treatment must include the name and home address of each child for whom services are included on a bill submitted to a county, if the release of that information under subdivision 5 has been obtained and if the county requests the information. Each provider must try to obtain the consent of the child's family. Each provider must explain to the child's family that the information can only be released with the consent of the child's family and may be used only for purposes of payment and maintaining provider accountability. The provider shall document the attempt in the child's record.

Subd. 7. [RESTRICTED ACCESS TO DATA.] The county board shall establish procedures to ensure that the names and addresses of children receiving mental health services and their families are disclosed only to:

(1) county employees who are specifically responsible for determining county of financial responsibility or making payments to providers; and

(2) staff who provide treatment services or case management and their clinical supervisors.

Release of mental health data on individuals submitted under subdivisions 5 and 6, to persons other than those specified in this subdivision, or use of this data for purposes other than those stated in subdivisions 5 and 6, results in civil or criminal liability under section 13.08 or 13.09.

Sec. 45. [245.4877] [EDUCATION AND PREVENTION SERVICES.]

Education and prevention services must be available to all children residing in the county. Education and prevention services must be designed to:

(1) convey information regarding emotional disturbances, mental health needs, and treatment resources to the general public and groups identified as at high risk of developing emotional disturbance under section 245.4872, subdivision 3;

(2) at least annually, distribute to individuals and agencies identified by the county board and the local children's mental health advisory council information on predictors and symptoms of emotional disturbances, where mental health services are available in the county, and how to access the services;

(3) increase understanding and acceptance of problems associated with emotional disturbances;

(4) improve people's skills in dealing with high-risk situations known to affect children's mental health and functioning;

(5) prevent development or deepening of emotional disturbances; and

(6) refer each child with emotional disturbance or the child's family with additional mental health needs to appropriate mental health services.

Sec. 46. [245.4878] [EARLY IDENTIFICATION AND INTERVENTION.]

Early identification and intervention services must be available to meet the needs of all children and their families residing in the county, consistent with section 245.4873. Early identification and intervention services must be designed to identify children who are at risk of needing or who need mental health services. The county board must provide intervention and offer treatment services to each child who is identified as needing mental health services. The county board must offer intervention services to each child who is identified as being at risk of needing mental health services.

Sec. 47. [245.4879] [EMERGENCY SERVICES.]

Subdivision 1. [AVAILABILITY OF EMERGENCY SERVICES.] County boards must provide or contract for enough mental health emergency services within the county to meet the needs of children in the county who are experiencing an emotional crisis or emotional disturbance. A child or the child's parent may be required to pay a fee according to section 245.481. Emergency service providers shall not delay the timely provision of emergency service because of delays in determining this fee or because of the unwillingness or inability of the parent to pay the fee. Emergency services must include assessment, intervention, and appropriate case disposition. Emergency services must:

(1) promote the safety and emotional stability of children with emotional disturbances or emotional crises;

(2) minimize further deterioration of the child with emotional disturbance or emotional crisis;

(3) help each child with an emotional disturbance or emotional crisis to obtain ongoing care and treatment; and

(4) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's needs.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that all service providers of emergency services to the child with an emotional disturbance provide immediate direct access to a mental health professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll-free telephone access to a mental health professional, a mental health practitioner, or until January 1, 1991, a designated person with training in human services who receives clinical supervision from a mental health professional. When emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for at least telephone consultation within 30 minutes.

Sec. 48. [245.488] [OUTPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF OUTPATIENT SERVICES.]

(a) County boards must provide or contract for enough outpatient services within the county to meet the needs of each child with emotional disturbance residing in the county and the child's family. A child or a child's parent may be required to pay a fee based in accordance with section 245.481. Outpatient services include:

(1) conducting diagnostic assessments;

(2) conducting psychological testing;

(3) developing or modifying individual treatment plans;

(4) making referrals and recommending placements as appropriate;

(5) treating the child's mental health needs through therapy; and

(6) prescribing and managing medication and evaluating the effectiveness of prescribed medication.

(b) County boards may request a waiver allowing outpatient services to be provided in a nearby trade area if it is determined that the child requires necessary and appropriate services that are only available outside the county.

(c) Outpatient services offered by the county board to prevent placement must be at the level of treatment appropriate to the child's diagnostic assessment.

Subd. 2. [SPECIFIC REQUIREMENTS.] The county board shall require that a service provider of outpatient services to children:

(1) meets the professional qualifications contained in sections 245.487 to 245.4887;

(2) uses a multidisciplinary mental health professional staff including, at a minimum, arrangements for psychiatric consultation, licensed consulting psychologist consultation, and other necessary multidisciplinary mental health professionals;

(3) develops individual treatment plans; and

(4) provides initial appointments within three weeks, except in emergencies where there must be immediate access as described in section 245.4879.

Sec. 49. [245.4881] [CASE MANAGEMENT AND FAMILY COMMUNITY SUPPORT SERVICES.]

Subdivision 1. [AVAILABILITY OF CASE MANAGEMENT SERVICES.] (a) By January 1, 1991, the county board shall provide case management activities for each child with severe emotional disturbance residing in the county and the child's family who request or consent to the services. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must meet the requirements in section 245.4871, subdivision 4.

(b) Case management services provided to children with severe emotional disturbance eligible for medical assistance must be billed to the medical assistance program under sections 256B.02, subdivision 8, and 256B.0625.

Subd. 2. [NOTIFICATION OF CASE MANAGEMENT ELIGIBILITY.] The county board shall notify, as appropriate, the child, child's parent, or legal representative of the child's potential eligibility for case management services within five working days after receiving a request from an individual or a referral from a provider under section 245.4876, subdivision 4.

The county board shall send a written notice that identifies the designated case management providers. The county board shall send the notice, as appropriate, to the child, the child's parent, or the child's legal representative, if any.

Subd. 3. [DUTIES OF CASE MANAGER.] (a) The case manager

shall promptly arrange for a diagnostic assessment of the child when one is not available as described in section 245.4876, subdivision 2, to determine the child's eligibility as a child with severe emotional disturbance for family community support services. The county board shall notify in writing, as appropriate, the child, the child's parent, or the child's legal representative, if any, if the child is determined ineligible for family community support services.

(b) Upon a determination of eligibility for family support services, the case manager shall develop an individual family community support plan for a child as specified in subdivision 4, review the child's progress, and monitor the provision of services. If services are to be provided in a host county that is not the county of financial responsibility, the case manager shall consult with the host county and obtain a letter demonstrating the concurrence of the host county regarding the provision of services.

The case manager shall perform a functional assessment and note in the client's record the services needed by the child and the child's family, the services requested by the family, services that are not available, and the child and family's unmet needs. The information required under section 245.4886 shall be provided in writing to the child and the child's family. The case manager shall note this provision in the client record.

Subd. 4. [INDIVIDUAL FAMILY COMMUNITY SUPPORT PLAN.] (a) For each child, the case manager must develop an individual family community support plan that incorporates the child's individual treatment plan. The individual treatment plan may not be a substitute for the development of an individual family community support plan. The case manager is responsible for developing the individual family community support plan within 30 days of intake based on a diagnostic assessment and a functional assessment and for implementing and monitoring the delivery of services according to the individual family community support plan. The case manager must review the plan every 90 calendar days after it is developed. To the extent appropriate, the child with severe emotional disturbance, the child's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual family community support plan. Notwithstanding the lack of a community support plan, the case manager shall assist the child and family in accessing the needed services listed in subdivision 6.

(b) The child's individual family community support plan must state:

(1) the goals and expected outcomes of each service and criteria for evaluating the effectiveness and appropriateness of the service;

(2) the activities for accomplishing each goal;

(3) a schedule for each activity; and

(4) the frequency of face-to-face contacts by the case manager, as appropriate to client need and the implementation of the individual family community support plan.

Subd. 5. [COORDINATION BETWEEN CASE MANAGER AND FAMILY COMMUNITY SUPPORT SERVICES.] The county board must establish procedures that ensure ongoing contact and coordination between the case manager and the family community support services as well as other mental health services for each child.

Subd. 6. [AVAILABILITY OF FAMILY COMMUNITY SUPPORT SERVICES.] By July 1, 1990, county boards must provide or contract for sufficient family community support services within the county to meet the needs of each child with severe emotional disturbance who resides in the county and the child's family. Children or their parents may be required to pay a fee in accordance with section 245.481.

Family community support services must be designed to improve the ability of children with severe emotional disturbance to:

(1) handle basic activities of daily living;

(2) improve functioning in school settings;

(3) participate in leisure time or community youth activities;

(4) set goals and plans;

(5) reside with the family in the community;

(6) participate in after school and summer activities;

(7) make a smooth transition between mental health services provided to children; and

(8) make a smooth transition into the adult mental health system as appropriate.

In addition, family community support services must be designed to improve overall family functioning if clinically appropriate to the child's needs, and to reduce the use of placements more intensive, costly, or restrictive both in number of admissions and lengths of stay than indicated by the child's diagnostic assessment.

Subd. 7. [DAY TREATMENT SERVICES PROVIDED.] (a) Day treatment services must be part of the family community support services available to each child with severe emotional disturbance

residing in the county. A child or the child's parent may be required to pay a fee according to section 245.481. Day treatment services must be designed to:

- (1) provide a structured environment for treatment;
- (2) provide family and community support;
- (3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's need;
- (4) coordinate with or be offered in conjunction with the school's education program;
- (5) provide therapy and family intervention for children that are coordinated with education services provided and funded by schools; and
- (6) operate during all 12 months of the year.

(b) County boards may request a waiver from including day treatment services if they can document that:

- (1) alternative services exist through the county's family community support services for each child who would otherwise need day treatment services; and
- (2) county demographics and geography make the provision of day treatment services cost ineffective and unfeasible.

Subd. 8. [PROFESSIONAL HOME-BASED FAMILY TREATMENT PROVIDED.] (a) By January 1, 1991, county boards must provide or contract for sufficient professional home-based family treatment within the county to meet the needs of each child with severe emotional disturbance who is at risk of out-of-home placement due to the child's emotional disturbance or who is returning to the home from out-of-home placement. The child or the child's parent may be required to pay a fee according to section 245.481. The county board shall require that all service providers of professional home-based family treatment set fee schedules approved by the county board that are based on the child's or family's ability to pay. The professional home-based family treatment must be designed to assist each child with severe emotional disturbance who is at risk of or who is returning from out-of-home placement and the child's family to:

- (1) improve overall family functioning in all areas of life;

(2) treat the child's symptoms of emotional disturbance that contribute to a risk of out-of-home placement;

(3) provide a positive change in the emotional, behavioral, and mental well-being of children and their families; and

(4) reduce risk of out-of-home placement for the identified child with severe emotional disturbance and other siblings or successfully reunify and reintegrate into the family a child returning from out-of-home placement due to emotional disturbance.

(b) Professional home-based family treatment must be provided by a team consisting of a mental health professional and others who are skilled in the delivery of mental health services to children and families in conjunction with other human service providers. The professional home-based family treatment team must maintain flexible hours of service availability and must provide or arrange for crisis services for each family, 24 hours a day, seven days a week. Case loads for each professional home-based family treatment team must be small enough to permit the delivery of intensive services and to meet the needs of the family. Professional home-based family treatment providers shall coordinate services and service needs with case managers assigned to children and their families. Individual treatment plans must be developed that identify the specific treatment objectives for both the child and the family.

Subd. 9. [THERAPEUTIC SUPPORT OF FOSTER CARE.] By January 1, 1992, county boards must provide or contract for foster care with therapeutic support as defined in section 245.4871, subdivision 34. Foster families caring for children with severe emotional disturbance must receive training and supportive services, as necessary, at no cost to the foster families within the limits of available resources.

Subd. 10. [BENEFITS ASSISTANCE.] The county board must offer help to a child with severe emotional disturbance and the child's family in applying for federal benefits, including supplemental security income, medical assistance, and Medicare.

Sec. 50. [245.4882] [RESIDENTIAL TREATMENT SERVICES.]

Subdivision 1. [AVAILABILITY OF RESIDENTIAL TREATMENT SERVICES.] County boards must provide or contract for enough residential treatment services to meet the needs of each child with emotional disturbance residing in the county and needing this level of care. Length of stay is based on the child's residential treatment need and shall be subject to the six-month review process established in section 257.071, subdivisions 2 and 4. Services must be made available as close to the county as possible. Residential treatment must be designed to:

(1) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet the child's needs;

(2) help the child improve family living and social interaction skills;

(3) help the child gain the necessary skills to return to the community;

(4) stabilize crisis admissions; and

(5) work with families throughout the placement to improve the ability of the families to care for children with emotional disturbance in the home.

Subd. 2. [SPECIFIC REQUIREMENTS.] A provider of residential services to children must be licensed under applicable rules adopted by the commissioner and must be clinically supervised by a mental health professional.

Subd. 3. [TRANSITION TO COMMUNITY.] Residential treatment facilities and regional treatment centers serving children must plan for and assist those children and their families in making a transition to less restrictive community-based services. Residential treatment facilities must also arrange for appropriate follow-up care in the community. Before a child is discharged, the residential treatment facility or regional treatment center shall provide notification to the child's case manager, if any, so that the case manager can monitor and coordinate the transition and make timely arrangements for the child's appropriate follow-up care in the community.

Sec. 51. [245.4883] [ACUTE CARE HOSPITAL INPATIENT SERVICES.]

Subdivision 1. [AVAILABILITY OF ACUTE CARE INPATIENT SERVICES.] County boards must make available through contract or direct provision enough acute care hospital inpatient treatment services as close to the county as possible for children with emotional disturbances residing in the county needing this level of care. Acute care hospital inpatient treatment services must be designed to:

(1) stabilize the medical and mental health condition for which admission is required;

(2) improve functioning to the point where discharge to residential treatment or community-based mental health services is possible;

(3) facilitate appropriate referrals for follow-up mental health care in the community;

(4) work with families to improve the ability of the families to care for those children with emotional disturbances at home; and

(5) assist families and children in the transition from inpatient services to community-based services or home setting, and provide notification to the child's case manager, if any, so that the case manager can monitor the transition and make timely arrangements for the child's appropriate follow-up care in the community.

Subd. 2. [SPECIFIC REQUIREMENTS.] Providers of acute care hospital inpatient services for children must meet applicable standards established by the commissioners of health and human services.

Sec. 52. [245.4885] [SCREENING FOR INPATIENT AND RESIDENTIAL TREATMENT.]

Subdivision 1. [SCREENING REQUIRED.] The county board shall ensure that all children are screened according to section 256F.07 or 257.071, whichever applies, upon admission for treatment of emotional disturbance to a residential treatment facility, an acute care hospital, or informally admitted to a regional treatment center if public funds are used to pay for the services. If a child is admitted to a residential treatment facility or acute care hospital for emergency treatment of emotional disturbance or held for emergency care by a regional treatment center under section 253.05, subdivision 1, screening must occur within five working days of admission. Screening shall determine whether:

(1) an admission is necessary;

(2) the length of stay is as short as possible consistent with the individual child's need; and

(3) the case manager, if assigned, is developing an individual family community support plan.

The screening process and placement decision must be documented in the child's record.

An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible for the review, and review criteria are comparable to the standards in clauses (1) to (3).

Subd. 2. [QUALIFICATIONS.] No later than January 1, 1992,

screening of children for residential and inpatient services shall include participation of a mental health professional. Mental health professionals providing screening for inpatient and residential services must not be financially affiliated with any acute care inpatient hospital, residential treatment facility, or regional treatment center. The commissioner may waive this requirement for mental health professional participation in sparsely populated areas.

Subd. 3. [INDIVIDUAL PLACEMENT AGREEMENT.] The county board shall enter into an individual placement agreement with a provider of residential treatment services to a child eligible for county-paid services under this section. The agreement must specify the payment rate and terms and conditions of county payment for the placement.

Subd. 4. [TASK FORCE ON RESIDENTIAL AND INPATIENT TREATMENT SERVICES FOR CHILDREN.] The commissioner of human services shall appoint a task force on residential and inpatient treatment services for children that includes representatives from each of the mental health professional categories defined in section 245.4871, subdivision 27, the Minnesota mental health association, the Minnesota alliance for the mentally ill, the children's mental health initiative, the Minnesota mental health law project, the Minnesota district judges association juvenile committee, department of human services staff, the department of education, local community-based corrections, the department of corrections, the ombudsman for mental health and mental retardation, residential treatment facilities for children, inpatient hospital facilities for children, and counties. The task force shall examine and evaluate existing mechanisms that have as their purpose review of appropriate admission and need for continued care for all children with emotional disturbances who are admitted to residential treatment facilities or acute care hospital inpatient treatment. These mechanisms shall include at least the following: precommitment screening, preplacement screening for children, licensure and reimbursement rules, county monitoring, technical assistance, hospital preadmission certification, and hospital retrospective reviews. The task force shall report to the legislature by February 15, 1990, on how existing mechanisms may be changed to accomplish the goals of screening as described in section 245.4885, subdivision 1.

Sec. 53. [245.4886] [APPEALS.]

A child or a child's family, as appropriate, who requests mental health services under sections 245.487 to 245.4887 must be advised of services available and the right to appeal as described in this section at the time of the request and each time the individual family community support plan or individual treatment plan is reviewed. A child whose request for mental health services under sections 245.487 to 245.4887 is denied, not acted upon with reason-

able promptness, or whose services are suspended, reduced, or terminated by action or inaction for which the county board is responsible under sections 245.487 to 245.4887 may contest that action or inaction before the state agency according to section 256.045. The commissioner shall monitor the nature and frequency of administrative appeals under this section.

Sec. 54. [245.4887] [CHILDREN'S SECTION OF LOCAL MENTAL HEALTH PROPOSAL.]

Subdivision 1. [TIME PERIOD.] The county board shall submit its first complete children's section of its local mental health proposal to the commissioner by November 15, 1989. Subsequent proposals must be on the same two-year cycle as community social service plans. If a proposal complies with sections 245.487 to 245.4887, it satisfies the requirement of the community social service plan for the emotionally disturbed target population as required by section 256E.09. The proposal must be made available upon request to all residents of the county at the same time it is submitted to the commissioner.

Subd. 2. [PROPOSAL CONTENT.] The children's section of the local mental health proposal must include:

(1) a report of the local children's mental health advisory council or children's mental health subcommittee of the existing local mental health advisory council on unmet needs of children and any other needs assessment used by the county board in preparing the local mental health proposal, including the report of the local coordinating council or local interagency task force specified in section 245.4875, subdivision 6;

(2) a description of the involvement of the local children's mental health advisory council or the children's mental health subcommittee of the existing local mental health advisory council in preparing the local mental health proposal and methods used by the county board to ensure adequate and timely participation of citizens; mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of children who received each of the mental health services listed in sections 245.487 to 245.4887, and actual expenditures for each mental health service and service waiting lists; and

(4) the following information describing how the county board intends to meet the requirements of sections 245.487 to 245.4887 during the proposal period:

(i) specific objectives and outcome goals for each mental health service listed in sections 245.487 to 245.4887;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the mental health services described in sections 245.487 to 245.4887 or to provide over \$10,000 of mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery for the county;

(iii) a description of how the mental health services in the county will be unified and coordinated, including the mechanism established by the county board providing for interagency coordination as specified in section 245.4875, subdivision 6;

(iv) the estimated number of children who will receive each mental health service; and

(v) estimated expenditures for each mental health service and revenues for the entire proposal.

Subd. 3. [PROPOSAL FORMAT.] The children's section of the local mental health proposal must be made in a format prescribed by the commissioner.

Subd. 4. [PROVIDER APPROVAL.] The commissioner's review of the children's section of the local mental health proposal must include a review of the qualifications of each service provider required to be identified in the children's section of the local mental health proposal under subdivision 2. The commissioner may reject a county board's proposal for a particular provider if:

(1) the provider does not meet the professional qualifications contained in sections 245.487 to 245.4887;

(2) the provider does not have adequate fiscal stability or controls to provide the proposed services as determined by the commissioner;
or

(3) the provider is not in compliance with other applicable state laws or rules.

Subd. 5. [SERVICE APPROVAL.] The commissioner's review of the children's section of the local mental health proposal must include a review of the appropriateness of the amounts and types of children's mental health services in the children's section of the local mental health proposal. The commissioner may reject the county board's proposal if the commissioner determines that the amount and types of services proposed are not cost effective, do not

meet the child's needs, or do not comply with sections 245.487 to 245.4887.

Subd. 6. [PROPOSAL APPROVAL.] The commissioner shall review each children's section of the local mental health proposal within 90 days and work with the county board to make any necessary modifications to comply with sections 245.487 to 245.4887. After the commissioner has approved the proposal, the county board is eligible to receive an allocation of mental health and community social service act funds.

Subd. 7. [PARTIAL OR CONDITIONAL APPROVAL.] If the children's section of the local mental health proposal is in substantial compliance, but not in full compliance with sections 245.487 to 245.4887, and necessary modifications cannot be made before the proposal period begins, the commissioner may grant partial or conditional approval and withhold a proportional share of the county board's mental health and community social service act funds until full compliance is achieved.

Subd. 8. [AWARD NOTICE.] Upon approval of the county board proposal, the commissioner shall send a notice of approval for funding. The notice must specify any conditions of funding and is binding on the county board. Failure of the county board to comply with the approved proposal and funding conditions may result in withholding or repayment of funds according to section 245.483.

Subd. 9. [PLAN AMENDMENT.] If the county board finds it necessary to make significant changes in the approved children's section of the local mental health proposal, it must present the proposed changes to the commissioner for approval at least 30 days before the changes take effect. "Significant changes" means:

(1) the county board proposes to provide a children's mental health service through a provider other than the provider listed for that service in the approved local proposal;

(2) the county board expects the total annual expenditures for any single children's mental health service to vary more than ten percent or \$5,000, whichever is greater, from the amount in the approved local proposal;

(3) the county board expects a combination of changes in expenditures per children's mental health service to exceed more than ten percent of the total children's mental health services expenditures;
or

(4) the county board proposes a major change in the specific objectives and outcome goals listed in the approved local children's mental health proposal.

Sec. 55. Minnesota Statutes 1988, section 245.62, subdivision 3, is amended to read:

Subd. 3. ~~[CLINICAL DIRECTOR SUPERVISOR.]~~ All community mental health center services shall be provided under the clinical ~~direction~~ supervision of a licensed consulting psychologist licensed under sections 148.88 to 148.98, or a physician who is board certified or eligible for board certification in psychiatry, and who is licensed under section 147.02.

Sec. 56. Minnesota Statutes 1988, section 245.696, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC DUTIES.] In addition to the powers and duties already conferred by law, the commissioner of human services shall:

(1) review and evaluate local programs and the performance of administrative and mental health personnel and make recommendations to county boards and program administrators;

(2) provide consultative staff service to communities and advocacy groups to assist in ascertaining local needs and in planning and establishing community mental health programs;

(3) employ qualified personnel to implement this chapter;

(4) ~~as part of the biennial budget process, report to the legislature on staff use and staff performance, including in the report a description of duties performed by each person in the mental health division;~~

(5) adopt rules for minimum standards in community mental health services as directed by the legislature;

~~(6)~~ (5) cooperate with the commissioners of health and jobs and training to coordinate services and programs for people with mental illness;

(7) (6) convene meetings with the commissioners of corrections, health, education, and commerce at least four times each year for the purpose of coordinating services and programs for ~~children with mental illness and~~ children with emotional or behavioral disorders;

(8) (7) evaluate the needs of people with mental illness as they relate to assistance payments, medical benefits, nursing home care, and other state and federally funded services;

(9) (8) provide data and other information, as requested, to the advisory council on mental health;

(10) (9) develop and maintain a data collection system to provide information on the prevalence of mental illness, the need for specific mental health services and other services needed by people with mental illness, funding sources for those services, and the extent to which state and local areas are meeting the need for services;

(11) (10) apply for grants and develop pilot programs to test and demonstrate new methods of assessing mental health needs and delivering mental health services;

(12) (11) study alternative reimbursement systems and make waiver requests that are deemed necessary by the commissioner;

(13) (12) provide technical assistance to county boards to improve fiscal management and accountability and quality of mental health services, and consult regularly with county boards, public and private mental health agencies, and client advocacy organizations for purposes of implementing this chapter;

(14) (13) promote coordination between the mental health system and other human service systems in the planning, funding, and delivery of services; entering into cooperative agreements with other state and local agencies for that purpose as deemed necessary by the commissioner;

(15) (14) conduct research regarding the relative effectiveness of mental health treatment methods as the commissioner deems appropriate, and for this purpose, enter treatment facilities, observe clients, and review records in a manner consistent with the Minnesota government data practices act, chapter 13; and

(16) (15) enter into contracts and promulgate rules the commissioner deems necessary to carry out the purposes of this chapter.

Sec. 57. Minnesota Statutes 1988, section 245.697, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] A state advisory council on mental health is created. The council must have ~~25~~ 30 members appointed by the governor in accordance with federal requirements. The council must be composed of:

(1) the assistant commissioner of mental health for the department of human services;

(2) a representative of the department of human services responsible for the medical assistance program;

(3) one member of each of the four core mental health professional disciplines (psychiatry, psychology, social work, nursing);

(4) one representative from each of the following advocacy groups: mental health association of Minnesota, Minnesota alliance for the mentally ill, and Minnesota mental health law project;

(5) providers of mental health services;

(6) consumers of mental health services;

(7) family members of persons with mental illnesses;

(8) legislators;

(9) social service agency directors;

(10) county commissioners; and

(11) other members reflecting a broad range of community interests, as the United States Secretary of Health and Human Services may prescribe by regulation or as may be selected by the governor.

Terms, compensation, and removal of members and filling of vacancies are governed by section 15.059, ~~except that members shall not receive a per diem.~~ The council ~~expires~~ does not expire as provided in section 15.059.

Sec. 58. Minnesota Statutes 1988, section 245.697, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The state advisory council on mental health shall:

(1) advise the governor, the legislature, and heads of state departments and agencies about policy, programs, and services affecting people with mental illness;

(2) advise the commissioner of human services on all phases of the development of mental health aspects of the biennial budget;

(3) advise the governor and the legislature about the development of innovative mechanisms for providing and financing services to people with mental illness;

(4) encourage state departments and other agencies to conduct needed research in the field of mental health;

(5) review recommendations of the subcommittee on children's mental health;

(6) educate the public about mental illness and the needs and potential of people with mental illness; and

(7) review and comment on all grants dealing with mental health and on the development and implementation of state and local mental health plans; and

(8) coordinate the work of local children's and adult mental health advisory councils and subcommittees.

Sec. 59. Minnesota Statutes 1988, section 245.697, subdivision 2a, is amended to read:

Subd. 2a. [SUBCOMMITTEE ON CHILDREN'S MENTAL HEALTH.] The state advisory council on mental health (the "advisory council") must have a subcommittee on children's mental health. The subcommittee must make recommendations to the advisory council on policies, laws, regulations, and services relating to children's mental health. Members of the subcommittee must include:

(1) the commissioners or designees of the commissioners of the departments of human services, health, education, state planning, and corrections;

(2) the commissioner of commerce or a designee of the commissioner who is knowledgeable about medical insurance issues;

(3) at least one representative of an advocacy group for children with ~~mental illness~~ emotional disturbances;

(4) providers of children's mental health services, including at least one provider of services to preadolescent children, one provider of services to adolescents, and one hospital-based provider;

(5) parents of children who have ~~mental illness or~~ emotional or behavioral disorders disturbances;

(6) a present or former consumer of adolescent mental health services;

(7) ~~educators experienced in~~ currently working with emotionally disturbed children;

(8) people knowledgeable about the needs of emotionally disturbed children of minority races and cultures;

(9) people experienced in working with emotionally disturbed children who have committed status offenses;

(10) members of the advisory council; and

(11) one person from the local corrections department and one representative of the Minnesota district judges association juvenile committee; and

(12) county commissioners and social services agency representatives.

The chair of the advisory council shall appoint subcommittee members described in clauses (3) to (11) through the process established in section 15.0597. The chair shall appoint members to ensure a geographical balance on the subcommittee. Terms, compensation, removal, and filling of vacancies are governed by subdivision 1, except that terms of subcommittee members who are also members of the advisory council are coterminous with their terms on the advisory council. The subcommittee shall meet at the call of the subcommittee chair who is elected by the subcommittee from among its members. The subcommittee expires with the expiration of the advisory council.

Sec. 60. Minnesota Statutes 1988, section 245.713, subdivision 2, is amended to read:

Subd. 2. [TOTAL FUNDS AVAILABLE; ALLOCATION.] Funds granted to the state by the federal government under United States Code, title 42, sections 300X to 300X-9 each federal fiscal year for mental health services must be allocated as follows:

(a) Any amount set aside by the commissioner of human services for American Indian organizations within the state, which funds shall not duplicate any direct federal funding of American Indian organizations and which funds shall be at least 25 percent of the total federal allocation to the state for mental health services; provided that sufficient applications for funding are received by the commissioner which meet the specifications contained in requests for proposals. Money from this source may be used for special committees to advise the commissioner on mental health programs and services for American Indians and other minorities or underserved groups. For purposes of this subdivision, "American Indian organization" means an American Indian tribe or band or an organization providing mental health services that is legally incorporated as a nonprofit organization registered with the secretary of state and governed by a board of directors having at least a majority of American Indian directors.

(b) An amount not to exceed ~~ten~~ five percent of the federal block grant allocation for mental health services to be retained by the commissioner for administration.

(c) Any amount permitted under federal law which the commissioner approves for demonstration or research projects for severely disturbed children and adolescents, the underserved, special populations or multiply disabled mentally ill persons. The groups to be served, the extent and nature of services to be provided, the amount and duration of any grant awards are to be based on criteria set forth in the Alcohol, Drug Abuse and Mental Health Block Grant Law, United States Code, title 42, sections 300X to 300X-9, and on state policies and procedures determined necessary by the commissioner. Grant recipients must comply with applicable state and federal requirements and demonstrate fiscal and program management capabilities that will result in provision of quality, cost-effective services.

(d) The amount required under federal law, for federally mandated expenditures.

(e) An amount not to exceed ~~ten~~ 15 percent of the federal block grant allocation for mental health services to be retained by the commissioner for planning and evaluation.

Sec. 61. Minnesota Statutes 1988, section 245.73, subdivision 4, is amended to read:

Subd. 4. [RULES; REPORTS.] The commissioner shall promulgate an emergency and permanent rule to govern grant applications, approval of applications, allocation of grants, and maintenance of service and financial records by grant recipients. The commissioner shall require collection of data for compliance, monitoring and evaluation purposes and shall require periodic reports to demonstrate the effectiveness of the services in helping adult mentally ill persons remain and function in their own communities. As a part of the report required by section 245.461, the commissioner shall report to the legislature no later than December 31 of each even-numbered year as to the effectiveness of this program and recommendations regarding continued funding.

Sec. 62. Minnesota Statutes 1988, section 245A.095, is amended to read:

245A.095 [REVIEW OF RULES FOR PROGRAMS SERVING PERSONS WITH MENTAL ILLNESSES.]

Subdivision 1. [LICENSE REQUIRED.] Residential programs for five or more persons with a mental illness must be licensed under sections 245A.01 to 245A.16. To assure that this requirement is met, the commissioner of health, in cooperation with the commissioner of human services, shall monitor licensed boarding care homes, board and lodging houses, and supervised living facilities.

By January 1, 1989, the commissioner of health shall recommend to the legislature an appropriate method for enforcing this requirement.

Subd. 1a. [RULES.] In developing rules for serving persons with mental illness, the commissioner of human services shall assure that persons with mental illness are provided with needed treatment or support in the least restrictive, most appropriate environment, that supportive residential care in small homelike settings is available for persons needing that care, and that a mechanism is developed to ensure that no person is placed in a care or treatment setting inappropriate for meeting the person's needs. To the maximum extent possible, the rule shall assure that length of stay is governed solely by client need and shall allow for a variety of innovative and flexible approaches in meeting residential and support needs of persons with mental illness.

Subd. 2. [SPECIFIC REVIEW OF RULES.] The commissioner shall:

(1) provide in rule for various levels of care additional types of programs and services, including but not limited to supportive small group residential care, semi-independent and apartment living services, and crisis and respite services, to address the residential treatment and support needs of persons with mental illness;

(2) review category I and II programs established in Minnesota Rules, parts 9520.0500 to 9520.0690 to ensure that the categories of programs provide a continuum of residential service programs for persons with mental illness, including but not limited to programs meeting needs for intensive treatment, crisis and respite care, and rehabilitation and training;

(3) provide in rule for a definition of the term "treatment" as used in relation to persons with mental illness;

(4) adjust funding mechanisms by rule as needed to reflect the requirements established by rule for services being provided;

(5) review and recommend staff educational requirements and staff training as needed; and

(6) review and make changes in rules relating to residential care and service programs for persons with mental illness as the commissioner may determine necessary; and

(7) the commissioner shall report to the legislature by January 1, 1990, on the status of rulemaking with respect to clauses (1) to (6).

Subd. 3. [HOUSING SERVICES FOR PERSONS WITH MENTAL

ILLNESS.] The commissioner of human services shall study the housing needs of people with mental illness and shall articulate a continuum of services from residential treatment as the most intensive service through housing programs as the least intensive. The commissioner shall develop recommendations for implementing the continuum of services and shall present the recommendations to the legislature by January 31, 1988.

Sec. 63. Minnesota Statutes 1988, section 246.015, is amended to read:

246.015 [CONSULTATIVE SERVICES; AFTERCARE OF PATIENTS; PUBLIC INFORMATION; RECRUITMENT OF PSYCHIATRISTS; FUNDS.]

Subd. 3. Within the limits of the appropriations available, the commissioner of human services may provide consultative services for courts, and state welfare agencies, supervise the placement and aftercare of patients provisionally or otherwise discharged from a state hospital or institution, and may promote and conduct programs of education for the people of the state relating to the problem of mental health and mental hygiene. The commissioner shall administer, expend and distribute federal funds which may be made available to the state and funds other than those appropriated by the legislature, which may be made available to the state for mental health and mental hygiene purposes.

Subd. 4. The commissioner of human services shall recruit and hire psychiatrists, psychologists, psychiatric nurses, and other mental health professionals to work at the regional treatment centers.

Sec. 64. [246.0175] [OFFICE OF MEDICAL DIRECTOR.]

Subdivision 1. [ESTABLISHED.] The office of medical director within the department of human services is established.

Subd. 2. [MEDICAL DIRECTOR.] The commissioner of human services shall appoint a medical director. The medical director must be a psychiatrist certified by the board of psychiatry.

Subd. 3. [DUTIES.] The medical director shall:

(1) oversee the clinical provision of inpatient mental health services provided in the state's regional treatment centers;

(2) recruit and retain psychiatrists to serve on the state medical staff established in subdivision 4;

(3) consult with the commissioner of human services, the assistant commissioner of mental health, community mental health center

directors, and the regional treatment center governing bodies to develop standards for treatment and care of patients in regional treatment centers and outpatient programs;

(4) develop and oversee a continuing education program for members of the regional treatment center medical staff;

(5) consult with the commissioner on the appointment of the chief executive officers for regional treatment centers; and

(6) participate and cooperate in the development and maintenance of a quality assurance program for regional treatment centers that assures that residents receive quality inpatient care and continuous quality care once they are discharged or transferred to an outpatient setting.

Subd. 4. [REGIONAL TREATMENT CENTER MEDICAL STAFF] (a) The commissioner of human services shall establish a regional treatment center medical staff which shall be administered by the office of medical director.

(b) The regional treatment center medical staff shall consist of all physicians who are employed by or under contract with regional treatment centers and who spend at least 50 percent of their professional time providing care to patients in a regional treatment center.

(c) The medical director, in conjunction with the regional treatment center medical staff, shall:

(1) establish standards and define qualifications for physicians who care for residents in regional treatment centers;

(2) monitor the performance of physicians who care for residents in regional treatment centers; and

(3) recommend to the commissioner changes in procedures for operating regional treatment centers that are needed to improve the provision of medical care in those facilities.

Sec. 65. [APPROPRIATION.]

(a) \$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991. Of this appropriation, \$5,000 is to be provided to each county board to fund educational activities of the local adult and children's mental health advisory councils, or the adult and children's subcommittees of an existing advisory council. Up to \$1,500 of the \$5,000 may be used to hire an intern to assist in these educational activities.

(b) \$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the division of mental health. This appropriation shall be used to:

(1) provide staff support for the state advisory council on mental health;

(2) coordinate the mental health activities of the state advisory council on mental health and the local mental health advisory councils; and

(3) provide coordination between the department of human services and the public/academic liaison initiative.

(c) \$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the division of mental health to:

(1) direct the development and implementation of divisional programs, services, and policies to meet the goals of the housing mission statement;

(2) assume responsibility for interdivision and interagency cooperation required to effectively implement the housing mission statement; and

(3) provide technical assistance to counties, providers, developers, state and federal housing agencies, and persons with mental illness on actions required to meet the goals of the housing mission statement.

(d) \$ is provided from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the employability pilot projects required by section 31. Of this amount, \$ shall be appropriated to the division of mental health to administer section 31.

(e) \$ is appropriated to the commissioner of human services for the biennium ending June 30, 1991, for the public/academic liaison initiative established in section 37.

(f) \$ is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the purposes of sections 62 and 63. The staff complement of the department of human services is increased by three persons.

Sec. 66. [USE OF GRANT MONEY FOR DEMONSTRATION PROJECTS FOR THERAPEUTIC FOSTER CARE.]

If money is appropriated to the commissioner of human services for the biennium ending June 30, 1991, for demonstration projects for therapeutic foster care programs, one grant must be awarded to Olmsted county for an existing program.

Sec. 67. [REPEALER.]

Minnesota Statutes 1988, sections 245.462, subdivision 25; 245.471; 245.475; 245.64; 245.698; and 245A.095, subdivision 3, are repealed.

Sec. 68. [EFFECTIVE DATE.]

Section 38, subdivision 5, is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to human services; amending the comprehensive mental health act; establishing a mental health system for adults and for children; requiring case management; establishing mental health interagency coordinating councils; establishing task forces; allowing fees for mental health services; requiring family community support services and home-based family treatment; establishing a public/academic liaison initiative and an office of medical director; appropriating money; amending Minnesota Statutes 1988, sections 245.461; 245.462; 245.463, subdivision 2; 245.464; 245.465; 245.466, subdivisions 1, 2, 5, and 6; 245.467, subdivisions 3, 4, and 5; 245.468; 245.469; 245.470, subdivision 1; 245.472, subdivision 1, and by adding a subdivision; 245.473, subdivision 1; 245.474; 245.476, subdivisions 1, 3, and by adding a subdivision; 245.477; 245.478, subdivisions 2 and 3; 245.479; 245.48; 245.482; 245.483; 245.484; 245.485; 245.486; 245.62, subdivision 3; 245.696, subdivision 2; 245.697, subdivisions 1, 2, and 2a; 245.713, subdivision 2; 245.73, subdivision 4; 245A.095; and 246.015; proposing coding for new law in Minnesota Statutes, chapters 245 and 246; repealing Minnesota Statutes 1988, sections 245.462, subdivision 25; 245.471; 245.475; 245.64; 245.698; and 245A.095, subdivision 3."

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

The report was adopted.

Ogren from the Committee on Health and Human Services to which was referred:

H. F. No. 890, A bill for an act relating to human services;

providing for allocation of funds for chemical dependency programs; amending Minnesota Statutes 1988, sections 254B.02, subdivision 1; 254B.03, subdivision 4; 254B.04, subdivision 2; 254B.06, subdivision 1; and 254B.09, subdivisions 1, 4, and 5; repealing Minnesota Statutes 1988, sections 254B.09, subdivision 3; and 254B.10.

Reported the same back with the following amendments:

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1988, section 246.64, subdivision 3, is amended to read:

Subd. 3. [RESPONSIBILITIES OF COMMISSIONER.] The commissioner shall credit all receipts from billings for rates set in subdivision 1, except those credited according to subdivision 2, to the chemical dependency fund. This money must not be used for a regional treatment center activity that is not a chemical dependency service or an allocation of expenditures that are included in the base for computation of the rates under subdivision 1. The commissioner may expand chemical dependency services so long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. The commissioner may expand or reduce chemical dependency staff complement as long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. ~~An increase or decrease in and shall reduce chemical dependency staff shall not result in an increase or decrease in staff in any facility or unit not providing chemical dependency services complement to the extent that such funds are not available.~~ Notwithstanding chapters 176 and 268, the commissioner shall provide for the self-insurance of regional treatment center chemical dependency programs for the costs of unemployment compensation and workers' compensation claims. The commissioner shall provide a biennial report to the chairs of the senate finance subcommittee on health and human services, the house of representatives human services division of appropriations, and the senate and house of representatives health and human services committees."

Page 2, after line 18, insert:

"Sec. 3. Minnesota Statutes 1988, section 254B.03, subdivision 1, is amended to read:

Subdivision 1. [LOCAL AGENCY DUTIES.] (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner for placement in a chemical dependency residential or non-residential treatment service. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.01 to 14.69.

(b) In order to contain costs, the county board shall, with the approval of the commissioner of human services, select eligible vendors of chemical dependency services who can provide economical and appropriate treatment. Unless the local agency is a social services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 254B.05. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate. If a county selects a vendor located in another state, the county shall ensure that the vendor is in compliance with the rules governing licensure of programs located in the state.

(c) A culturally specific vendor that provides assessments under a variance under Minnesota Rules, part 9530.6610, shall be allowed to provide assessment services to persons not covered by the variance.

Page 3, line 11, strike "shall" and insert "may"

Page 5, line 18, delete "1, 3, 4, and 8" and insert "2, 5, 6, and 10"

Page 5, line 20, delete "2, 5, 6, 7, and 8" and insert "4, 7, 8, 9, and 10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "sections" insert "246.64, subdivision 3;"

Page 1, line 5, delete "subdivision 4" and insert "subdivisions 1 and 4"

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 953, A bill for an act relating to transportation; deregulating persons who provide transportation service under contract to and with assistance from the department of transportation; amending Minnesota Statutes 1988, sections 221.022; 221.025; and 221.031, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 14, after "regulate" insert "passenger transportation" and after the period insert "A provider of passenger transportation service under contract to the department may not provide charter service without first having obtained a permit to operate as a charter carrier."

Page 3, line 11, delete "a person providing" and insert "passenger" and after "service" insert "that is not charter service and that is"

Page 3, line 21, after the period insert "This subdivision does not apply to a local transit commission, a transit authority created by the legislature, or special transportation service certified by the commissioner under section 174.30."

With the recommendation that when so amended the bill pass.

The report was adopted.

Ogren from the Committee on Health and Human Services to which was referred:

H. F. No. 965, A bill for an act relating to human services; establishing reporting requirements; defining the functions and responsibilities of the commissioner in supervising community social services administered by the counties; requiring the commissioner of human services to ensure compliance with applicable program laws and regulations; implementing corrective action plans; providing sanctions and establishing an incentive program; amending Minnesota Statutes 1988, sections 245.482; 245.716; 245.73, subdivision 4; 252.275, subdivision 7; 256.01, subdivision 2; 256.72; 256.736, subdivision 15; 256.871, subdivision 6; 256.935, subdivision 1; 256B.05, subdivision 1; 256B.20; 256D.04; 256D.39; 256E.05, subdivision 3, and by adding subdivisions; 256E.08, subdivisions 1 and 8; 256F.06, subdivision 4; 256H.09, subdivision 1; and 257.3575, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 245.482, is amended to read:

245.482 [REPORTING AND EVALUATION.]

Subdivision 1. [REPORTS.] The commissioner shall specify re-

quirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17).

Subd. 2. [FISCAL REPORTS.] The commissioner shall develop a unified format for quarterly fiscal reports that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and section 256E.08. The county board shall submit a completed fiscal report in the required format no later than 15 days after the end of each quarter.

Subd. 2 3. [PROGRAM REPORTS.] The commissioner shall develop a unified format for an annual program report that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and section 256E.10. The county board shall submit a completed program report in the required format by March 15 of each year.

Subd. 3 4. [PROVIDER REPORTS.] The commissioner may develop a format and procedures for direct reporting from providers to the commissioner to include information that the commissioner determines necessary to carry out sections 245.461 to 245.486. In particular, the provider reports must include aggregate information by county of residence about mental health services paid for by funding sources other than counties.

Subd. 4 5. [INACCURATE OR INCOMPLETE REPORTS.] The commissioner shall promptly notify a county or provider if a required report is clearly inaccurate or incomplete. The commissioner may delay all or part of a mental health fund payment if an appropriately completed report is not received as required by this section.

Subd. 5 6. [STATEWIDE EVALUATION.] The commissioner shall use the county and provider reports required by this section to complete the statewide report required in section 245.461.

Sec. 2. Minnesota Statutes 1988, section 245.716, is amended to read:

245.716 [REPORTS; DATA COLLECTION.]

Subdivision 1. [PERIODIC REPORTS.] The commissioner shall require collection of data for compliance, monitoring, and evaluation purposes and shall require periodic reports from the counties on the use of funds under the federal block grant by counties for qualified community mental health centers. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17).

Subd. 2. [QUARTERLY FINANCIAL STATEMENTS.] Begin-

ning in calendar year 1982, each county shall include in its quarterly financial accounting report to the commissioner of the county's community social services fund a separate statement identifying the use of funds, including those received under the federal block grant for qualified community mental health centers as specified in section 256E.08, subdivision 8, clauses (a) and (b). The initial quarterly statement shall be submitted not later than 15 days after the end of the first calendar quarter in which funds are allocated to the counties in accordance with section 245.713, subdivisions 1 and 2.

Subd. 3. [SOCIAL SERVICES REPORT.] Beginning in calendar year 1983, each county shall include in the report required by section 256E.10 a part or subpart which addresses the items specified in section 256E.10, subdivision 1, clauses (a) and (b), as they pertain to the use of funds available from the federal government for services of qualified community mental health centers.

Sec. 3. Minnesota Statutes 1988, section 245.73, subdivision 4, is amended to read:

Subd. 4. [RULES; REPORTS.] The commissioner shall promulgate an emergency and permanent rule to govern grant applications, approval of applications, allocation of grants, and maintenance of service and financial records by grant recipients. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The commissioner shall require collection of data for compliance, monitoring and evaluation purposes and shall require periodic reports to demonstrate the effectiveness of the services in helping adult mentally ill persons remain and function in their own communities. The commissioner shall report to the legislature no later than December 31 of each even-numbered year as to the effectiveness of this program and recommendations regarding continued funding.

Sec. 4. Minnesota Statutes 1988, section 252.275, subdivision 7, is amended to read:

Subd. 7. [REPORTS.] ~~The commissioner shall require collection of data and periodic reports necessary to demonstrate the effectiveness of semi-independent living services in helping persons with mental retardation or related conditions achieve self-sufficiency and independence. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17).~~

Sec. 5. Minnesota Statutes 1988, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of

section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require local agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of local agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require local agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017; and

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds.

(2) Inform local agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to local agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private

institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) The commissioner is designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical

care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being

distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children pursuant to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction or delay in federal funding, the funding for the county board with the late report shall be reduced by an amount equal to the reduction in federal funding until full federal funding is received. In no case shall the reduction in funding exceed the amount to which the county would otherwise have been entitled.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and training on completion of the reporting forms. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs

incurred due to actions taken by the commissioner under paragraph (c) or (e).

Sec. 6. Minnesota Statutes 1988, section 256.72, is amended to read:

256.72 [DUTIES OF COUNTY AGENCIES.]

The county agencies shall:

(1) Administer the provisions of sections 256.72 to 256.87 in the respective counties subject to the rules prescribed by the state agency pursuant to the provisions of those sections and to the supervision of the commissioner of human services specified in section 256.01;

(2) Report to the state agency at such times and in such manner and form as the state agency may from time to time direct; and required under section 256.01, subdivision 2, paragraph (17).

(3) Submit quarterly and annually to the county board of commissioners a budget containing an estimate and supporting data setting forth the amount of money needed to carry out the provisions of those sections.

(4) In addition to providing financial assistance, provide such services as will help to maintain and strengthen family life and promote the support and personal independence of parents and relatives insofar as such help is consistent with continuing parental care and protection.

Sec. 7. Minnesota Statutes 1988, section 256.736, subdivision 15, is amended to read:

Subd. 15. [REPORTING.] The commissioner of human services, in cooperation with the commissioner of jobs and training shall develop reporting requirements for local agencies and employment and training service providers according to section 256.01, subdivision 2, paragraph (17). Reporting requirements must, to the extent possible, use existing client tracking systems and must be within the limits of funds available. The requirements must include summary information necessary for state agencies and the legislature to evaluate the effectiveness of the services.

Sec. 8. Minnesota Statutes 1988, section 256.871, subdivision 6, is amended to read:

Subd. 6. [REPORTS OF ESTIMATED EXPENDITURES; PAYMENTS.] The county agency shall submit to the state agency an estimate of reports required under section 256.01, subdivision 2,

paragraph (17). Fiscal reports shall estimate expenditures for each succeeding month in such form as required by the state agency. For the period from January 1 to June 30, payment shall be made monthly in advance by the state agency to the counties, of federal funds available for that purpose for each succeeding month, together with an amount of state funds equal to ten percent of the difference between the total estimated cost and the federal funds so available, except as provided for in section 256.017. Subsequent to July 1 of each year the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.017. For the period from July 1 to December 31, payment shall be made monthly in advance by the state agency to the counties, of all state and federal funds available for that purpose for the succeeding month, except as provided for in section 256.017. Payment shall be made on the basis of federal and state participation rates described in this subdivision. Effective January 1, 1989, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 9. Minnesota Statutes 1988, section 256.935, subdivision 1, is amended to read:

Subdivision 1. On the death of any person receiving public assistance through aid to dependent children, the county agency shall pay an amount for funeral expenses not exceeding \$370 and actual cemetery charges. No funeral expenses shall be paid if the estate of the deceased is sufficient to pay such expenses or if the children, or spouse, who were legally responsible for the support of the deceased while living, are able to pay such expenses; provided, that the additional payment or donation of the cost of cemetery lot, interment, religious service, or for the transportation of the body into or out of the community in which the deceased resided, shall not limit payment by the county agency as herein authorized. Freedom of choice in the selection of a funeral director shall be granted to persons lawfully authorized to make arrangements for the burial of any such deceased recipient. In determining the sufficiency of such estate, due regard shall be had for the nature and marketability of the assets of the estate. The county agency may grant funeral expenses where the sale would cause undue loss to the estate. Any amount paid for funeral expenses shall be a prior claim against the estate, as provided in section 524.3-805, and any amount recovered shall be reimbursed to the agency which paid the expenses. The commissioner shall specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17). For the period from January 1 to June 30, the state shall reimburse the county for 50 percent of any payments made for funeral expenses except as provided for in section 256.017. Subsequent to July 1 of

each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period. For the period from July 1 to December 31, the state shall reimburse the county for 100 percent of any payments made for funeral expenses except as provided for in section 256.017.

Sec. 10. Minnesota Statutes 1988, section 256B.05, subdivision 1, is amended to read:

Subdivision 1. The county agencies shall administer medical assistance in their respective counties under the supervision of the state agency and the commissioner of human services as specified in section 256.01, and shall make such reports, prepare such statistics, and keep such records and accounts in relation to medical assistance as the state agency may require under section 256.01, subdivision 2, paragraph (17).

Sec. 11. Minnesota Statutes 1988, section 256B.20, is amended to read:

256B.20 [COUNTY APPROPRIATIONS.]

The providing of funds necessary to carry out the provisions hereof on the part of the counties and the manner of administering the funds of the counties and the state shall be as follows:

(1) The board of county commissioners of each county shall annually set up in its budget an item designated as the county medical assistance fund and levy taxes and fix a rate therefor sufficient to produce the full amount of such item, in addition to all other tax levies and tax rate, however fixed or determined, sufficient to carry out the provisions hereof and sufficient to pay in full the county share of assistance and administrative expense for the ensuing year; and annually on or before October 10 shall certify the same to the county auditor to be entered by the auditor on the tax rolls. Such tax levy and tax rate shall make proper allowance and provision for shortage in tax collections.

(2) Any county may transfer surplus funds from any county fund, except the sinking or ditch fund, to the general fund or to the county medical assistance fund in order to provide money necessary to pay medical assistance awarded hereunder. The money so transferred shall be used for no other purpose, but any portion thereof no longer needed for such purpose shall be transferred back to the fund from which taken.

(3) Upon the order of the county agency the county auditor shall draw a warrant on the proper fund in accordance with the order, and the county treasurer shall pay out the amounts ordered to be paid out as medical assistance hereunder. When necessary by reason of

failure to levy sufficient taxes for the payment of the medical assistance in the county, the county auditor shall carry any such payments as an overdraft on the medical assistance funds of the county until sufficient tax funds shall be provided for such assistance payments. The board of county commissioners shall include in the tax levy and tax rate in the year following the year in which such overdraft occurred, an amount sufficient to liquidate such overdraft in full.

(4) Claims for reimbursement and reports shall be presented to the state agency by the respective counties in such manner as the state agency shall prescribe, not later than ten days after the close of the month in which the expenditures were made as required under section 256.01, subdivision 2, paragraph (17). The state agency shall audit such claims and certify to the commissioner of finance the amounts due the respective counties without delay. The amounts so certified shall be paid within ten days after such certification, from the state treasury upon warrant of the commissioner of finance from any money available therefor. The money available to the state agency to carry out the provisions hereof, including all federal funds available to the state, shall be kept and deposited by the state treasurer in the revenue fund and disbursed upon warrants in the same manner as other state funds.

Sec. 12. Minnesota Statutes 1988, section 256D.04, is amended to read:

256D.04 [DUTIES OF THE COMMISSIONER.]

In addition to any other duties imposed by law, the commissioner shall:

(1) Supervise according to section 256.01 the administration of general assistance and general assistance medical care by local agencies as provided in sections 256D.01 to 256D.21;

(2) Promulgate uniform rules consistent with law for carrying out and enforcing the provisions of sections 256D.01 to 256D.21 to the end that general assistance may be administered as uniformly as possible throughout the state; rules shall be furnished immediately to all local agencies and other interested persons; in promulgating rules, the provisions of sections 14.01 to 14.69, shall apply;

(3) Allocate money appropriated for general assistance and general assistance medical care to local agencies as provided in section 256D.03, subdivisions 2 and 3;

(4) Accept and supervise the disbursement of any funds that may be provided by the federal government or from other sources for use

in this state for general assistance and general assistance medical care;

(5) Cooperate with other agencies including any agency of the United States or of another state in all matters concerning the powers and duties of the commissioner under sections 256D.01 to 256D.21;

(6) Cooperate to the fullest extent with other public agencies empowered by law to provide vocational training, rehabilitation, or similar services; and

(7) Gather and study current information and report at least annually to the governor and legislature on the nature and need for general assistance and general assistance medical care, the amounts expended under the supervision of each local agency, and the activities of each local agency and publish such reports for the information of the public.

(8) Specify requirements for general assistance and general assistance medical care reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17).

Sec. 13. Minnesota Statutes 1988, section 256D.39, is amended to read:

256D.39 [FISCAL AND ADMINISTRATIVE PROCEDURES.]

The commissioner of human services shall supervise county administration of supplemental aid, and shall, by rule, establish necessary administrative and fiscal procedures. The procedures may include, but not be limited to:

(a) Procedures for processing claims of the counties for reimbursement by the state for expenditures made by the counties that include requirements for reports, including fiscal reports, required under section 256.01, subdivision 2, paragraph (17);

(b) Procedures by which county liability for supplemental aid may be deducted from state liability to the county under any other public assistance program authorized by law;

(c) Procedures by which the local agencies may contract with the commissioner of human services for state administration of supplemental aid.

Sec. 14. Minnesota Statutes 1988, section 256E.05, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL DUTIES.] The commissioner shall also:

(a) Provide necessary forms and instructions to the counties for plan format and information;

(b) Identify and then amend or repeal the portions of all applicable department rules which mandate counties to provide specific community social services or programs, unless state or federal law requires the commissioner to mandate a service or program. The commissioner shall be exempt from the rulemaking provisions of chapter 14 in amending or repealing rules pursuant to this clause. However, when the commissioner proposes to amend or repeal any rule under the authority granted by this clause, notice shall be provided by publication in the State Register. When the commissioner proposes to amend a rule, the notice shall include that portion of the existing rule necessary to provide adequate notice of the nature of the proposed change. On proposing to repeal an entire rule, the commissioner need only publish that fact, giving the exact citation to the rule to be repealed. In all cases, the notice shall contain a statement indicating that interested persons may submit comment on the proposed repeal or amendment for a period of 30 days after publication of the notice. The commissioner shall take no final action until after the close of the comment period. The commissioner's actions shall not be effective until five days after the commissioner publishes notice of adoption in the State Register. If the final action is the same as the action originally proposed, publication may be made by notice in the State Register that the amendment and repeals have been adopted as proposed, and by citing the prior publication. If the final action differs from the action as previously proposed in the State Register, the text which differs from the original proposal shall be included in the notice of adoption together with a citation to the prior State Register publication. The commissioner shall provide to all county boards separate notice of all final actions which become effective under this clause, advising the boards with respect to services or programs which have now become optional, to be provided at county discretion;

(c) Provide to the chair of each county board, in addition to notice required pursuant to sections 14.05 to 14.36, timely advance notice and a written summary of the fiscal impact of any proposed new rule or changes in existing rule which will have the effect of increasing county costs for community social services;

(d) (c) Provide training, technical assistance, and other support services to county boards to assist in needs assessment, planning, implementing, and monitoring social services programs in the counties;

(e) (d) Design and implement a method of monitoring and evaluating social services, including site visits that utilize quality control audits to assure county compliance with applicable standards, guidelines, and the county and state social services plans;

(f) (e) Design and implement a system that uses corrective action procedures as established in subdivision 5 and a schedule of fines to ensure county compliance with statutes, rules, federal laws, and federal regulations governing community social services. In determining the amount of the fine, the commissioner may consider the number of community social services clients or applicants affected by the county's failure to comply with the law or rule, the severity of the noncompliance, and the duration of the noncompliance as determined by the commissioner. Fines levied against a county under this subdivision must not exceed ten percent of the county's community social services allocation for the year in which the fines are levied;

(f) Design and implement an incentive program for the benefit of counties that perform at a level that consistently meets or exceeds the minimum standards in law and rule. Fines collected under paragraph (e) may be placed in an incentive fund and used for the benefit of counties that meet and exceed the minimum standards;

(g) Specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17), to account for aids distributed under section 256E.06, funds from Title XX of the Social Security Act distributed under Minnesota Statutes, section 256E.07, claims under Title IV-E of the Social Security Act, mental health funding, and other social service expenditures and activities;

(h) Annually publish a report on community social services which shall reflect the contents of the individual county reports. The report shall be submitted to the governor and the legislature with an evaluation of community social services and recommendations for changes needed to fully implement state social service policies; and

(g) (i) Request waivers from federal programs as necessary to implement sections 256E.01 to 256E.12.

Sec. 15. Minnesota Statutes 1988, section 256E.05, is amended by adding a subdivision to read:

Subd. 4. [REDUCTION OF FEDERAL FISCAL SANCTIONS.] The commissioner shall establish and maintain a monitoring program designed to reduce the possibility of noncompliance with federal laws and federal regulations that may result in federal fiscal sanctions. If a county is not complying with federal law or federal regulation and the noncompliance may result in federal fiscal sanctions, the commissioner may withhold a portion of the county's share of state and federal funds for that program. The amount withheld must be equal to the percentage difference between the level of compliance maintained by the county and the level of compliance required by the federal regulations, multiplied by the county's share of state and federal funds for the program. The state

and federal funds may be withheld until the county is found to be in compliance with all federal laws or federal regulations applicable to the program. If a county remains out of compliance for more than six consecutive months, the commissioner may reallocate the funds withheld to counties that are in compliance with the federal regulations.

Sec. 16. Minnesota Statutes 1988, section 256E.05, is amended by adding a subdivision to read:

Subd. 5. [CORRECTIVE ACTION PROCEDURE.] The commissioner must comply with the following procedures when imposing fines under subdivision 3, paragraph (e), or reducing county funds under subdivision 4.

(a) The commissioner shall notify the county, by certified mail, of the statute, rule, federal law, or federal regulation with which the county has not complied.

(b) The commissioner shall give the county 30 days to demonstrate to the commissioner that the county is in compliance with the statute, rule, federal law, or federal regulation cited in the notice or to develop a corrective action plan to address the problem. Upon request from the county, the commissioner shall provide technical assistance to the county in developing a corrective action plan. The county shall have 30 days from the date the technical assistance is provided to develop the corrective action plan.

(c) The commissioner shall take no further action if the county demonstrates compliance.

(d) The commissioner shall review and approve or disapprove the corrective action plan within 30 days after the commissioner receives the corrective action plan.

(e) If the commissioner approves the corrective action plan submitted by the county, the county has 90 days after the date of approval to implement the corrective action plan.

(f) If the county fails to demonstrate compliance or fails to implement the corrective action plan approved by the commissioner, the commissioner may fine the county according to subdivision 3, paragraph (e), or may reduce the county's share of state or federal funds according to subdivision 4.

(g) The commissioner may not impose a fine or reduce funds under this subdivision if the county demonstrates that the commissioner failed to provide the technical assistance identified in the corrective action plan as needed to enable the county to comply with the requirements.

(h) The county may appeal the fine or the reduction in funds under section 256E.06, subdivision 10.

Sec. 17. Minnesota Statutes 1988, section 256E.05, is amended by adding a subdivision to read:

Subd. 6. [COUNTY OBLIGATION TO FUND COMMUNITY SOCIAL SERVICES.] Counties subject to a fine or reduction of funds under subdivision 5, paragraph (f), shall not reduce the level of funding of community social services to cover the cost of the fine or reduction of funds.

Sec. 18. Minnesota Statutes 1988, section 256E.08, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITIES.] The county board of each county shall be responsible for administration, planning and funding of community social services. Each county board shall singly or in combination with other county boards as provided in section 256E.09 prepare a social services plan and shall update the plan biennially. Upon final approval of the plan by the county board or boards, the plan shall be submitted to the commissioner. The county board shall distribute money available pursuant to sections 256E.06 and 256E.07 for community social services.

The authority and responsibilities of county boards for social services for groups of persons identified in section 256E.03, subdivision 2, shall include contracting for or directly providing:

(1) information about the symptoms and characteristics of specific problems of the identified groups to increase understanding and acceptance by the general public, to help alleviate fears of seeking help, and to enable access to appropriate assistance;

(2) an assessment of the needs of each person applying for assistance which estimates the nature and extent of the problem to be addressed and identifies the means available to meet the person's needs. These diagnostic and evaluation activities shall evaluate the functioning of each person with regard to an illness or disability, screen for placement, and determine the need for services;

(3) protection aimed at alleviating urgent needs of each person by determining urgent need, shielding persons in hazardous conditions when they are unable to care for themselves, and providing urgently needed assistance;

(4) supportive and rehabilitative activities that assist each person to function at the highest level of independence possible for the person, preferably without removing the person from home. These

activities include both increasing the client's level of functioning and maintaining current levels of functioning;

(5) a means of facilitating access of physically handicapped or impaired persons to activities appropriate to their needs; and

(6) administrative activities to coordinate and facilitate the effective use of formal and informal helping systems to best address client needs and goals. This includes assisting the client in making informed decisions about opportunities and services, assuring timely access to needed assistance, providing opportunities and encouragement for self-help activities, and coordinating all services to meet the client's needs and goals. County case management shall be responsible for determining appropriate care and activities.

If, after appropriate notice, a county does not fulfill its responsibilities or is not in compliance with the applicable department rule, the commissioner shall certify a reduction of up to 20 percent of the county's annual community social services act funding, or an equivalent amount from state administrative aids, and the state shall assume the responsibilities in this subdivision. When a county is notified of this action, it may appeal according to the provisions in section 256E.06, subdivision 10.

A county board may delegate to a county welfare board established under chapter 393 authority to provide or approve contracts for the purchase of the kinds of community social services that were provided or contracted for by the county welfare boards before the enactment of Laws 1979, chapter 324. The county board must determine how citizens will participate in the planning process, give final approval to the community social services plan, and distribute community social services money.

Sec. 19. Minnesota Statutes 1988, section 256E.08, subdivision 8, is amended to read:

Subd. 8. [FINANCIAL REPORTING BY COUNTIES.] Beginning in calendar year 1980 each county shall submit to the commissioner of human services a financial accounting of the county's community social services fund. A quarterly statement shall be submitted no later than 15 days after the end of the calendar quarter, and, and other data required by the commissioner under section 256E.05, subdivision 3, paragraph (g), shall include:

(a) A detailed statement of income and expenses attributable to the fund in the preceding quarter; and

(b) A statement of the source and application of all money used for social services programs by the county during the preceding quarter, including the number of clients served and expenditures for each

service provided, as required by the commissioner of human services.

In addition, each county shall submit to the commissioner of human services no later than February 15 of each year, a detailed balance sheet of the community social development fund for the preceding calendar year.

If county boards have joined or designated human service boards for purposes of providing community social services programs, the county boards may submit a joint statement or the human service board shall submit the statement, as applicable.

Sec. 20. Minnesota Statutes 1988, section 256E.12, subdivision 3, is amended to read:

Subd. 3. The commissioner shall allocate grants under this section to finance up to 90 percent of each county's costs for services to persons with serious and persistent mental illness. The commissioner shall promulgate permanent rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the services in helping persons with serious and persistent mental illness remain and function in their own communities.

Sec. 21. Minnesota Statutes 1988, section 256F.06, subdivision 4, is amended to read:

Subd. 4. **[FINANCIAL STATEMENT BY COUNTIES REPORTING.]** A county receiving a permanency planning grant shall submit to the commissioner an accounting of the county's expenditures of grant money. A quarterly statement must be submitted no later than 15 days after the end of the calendar quarter and The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). The reports must include:

(1) a detailed statement of expenses attributable to the grant during the preceding quarter; and

(2) a statement of the expenditure of money for placement prevention and family reunification services by the county during the preceding quarter, including the number of clients served and the expenditures, by client, for each service provided.

Sec. 22. Minnesota Statutes 1988, section 256H.09, subdivision 1, is amended to read:

Subdivision 1. [QUARTERLY REPORTS.] The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). Counties and post-secondary educational systems shall submit on forms prescribed by the commissioner a quarterly financial and program activity report which is due 20 calendar days after the end of each quarter. The financial and program activity report must include:

(1) a detailed accounting of the expenditures and revenues for the program during the preceding quarter by funding source and by eligibility group;

(2) a description of activities and concomitant expenditures that are federally reimbursable under the AFDC employment special needs program;

(3) a description of activities and concomitant expenditures of set-aside money;

(4) information on money encumbered at the quarter's end but not yet reimbursable, for use in adjusting allocations as provided in section 256H.05, subdivision 4; 256H.06, subdivision 3; and 256H.07, subdivision 3; and

(5) other data the commissioner considers necessary to account for the program or to evaluate its effectiveness in preventing and reducing participants' dependence on public assistance and in providing other benefits, including improvement in the care provided to children.

Sec. 23. Minnesota Statutes 1988, section 257.3575, subdivision 2, is amended to read:

Subd. 2. [QUARTERLY REPORT.] The commissioner shall specify requirements for reports, including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph (17). Each quarter, an approved program receiving an Indian child welfare grant shall submit a report to the commissioner that includes:

(1) a detailed accounting of grant money expended during the preceding quarter, specifying expenditures by line item and year to date; and

(2) a description of Indian child welfare activities conducted during the preceding quarter, including the number of clients served and the type of services provided.

The quarterly reports must be submitted no later than 15 30 days after the end of each quarter of the state fiscal year."

Delete the title and insert:

"A bill for an act relating to human services; establishing reporting requirements; defining the functions and responsibilities of the commissioner in supervising community social services administered by the counties; requiring the commissioner of human services to ensure compliance with applicable program laws and regulations; implementing corrective action plans; providing sanctions and establishing an incentive program; amending Minnesota Statutes 1988, sections 245.482; 245.716; 245.73, subdivision 4; 252.275, subdivision 7; 256.01, subdivision 2; 256.72; 256.736, subdivision 15; 256.871, subdivision 6; 256.935, subdivision 1; 256B.05, subdivision 1; 256B.20; 256D.04; 256D.39; 256E.05, subdivision 3, and by adding subdivisions; 256E.08, subdivisions 1 and 8; 256E.12, subdivision 3; 256F.06, subdivision 4; 256H.09, subdivision 1; and 257.3575, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1183, A resolution memorializing the President and Congress to address problems in the solid waste stream caused by the amount and types of materials used to package consumer products.

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

The report was adopted.

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

H. F. No. 1212, A bill for an act relating to natural resources; authorizing a grant to the Red Lake watershed district, Clearwater county, to construct an improved and enlarged lake on Walker Brook; authorizing the sale of state bonds; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [WALKER BROOK LAKE IMPROVEMENT.]

Subdivision 1. [APPROPRIATION.] \$2,000,000 is appropriated from the state building fund to the commissioner of natural resources to make a loan to the Red Lake watershed district to construct an improved and enlarged lake on Walker Brook, Clearwater county. Loan money may be used to engineer the project, acquire land, construct utilities, and relocate housing. Loan money must not be used for normal operation of the district or for any other project.

Subd. 2. [CONDITIONS.] (a) Before any actual construction, the Red Lake watershed district and Clearwater county shall prepare an official land use plan covering all lands lying within 2,000 feet of the future ordinary high water mark of the lake. The land use plan must be approved by the board of managers of Red Lake watershed district, the board of commissioners of Clearwater county, the commissioner of natural resources, the pollution control agency, and the board of water and soil resources. No change or variance in the plan may be made without the approval of these entities.

(b) Before any actual construction, the Red Lake watershed district shall get all necessary permits from all regulating agencies including Clearwater county, the Red Lake watershed district, the department of natural resources, the Minnesota pollution control agency, the Minnesota health department, and the United States Army Corps of Engineers.

(c) This loan is subject to review by the attorney general and audit by the legislative auditor and state auditor.

Subd. 3. [ASSESSMENT.] (a) The Red Lake watershed district shall assess the project costs for which Clearwater county is liable under this section to lands benefited by the project. The Red Lake watershed district by resolution of the board of managers may defer the collection of the levy for the assessment on any portion of the benefited lands until it is developed, sold, or subdivided, whichever occurs first.

(b) The Red Lake watershed district shall, in accordance with Minnesota Statutes, chapter 112, appoint appraisers who will view the project and assign appropriate benefits. The Red Lake watershed district shall then prepare a deferred assessment roll reflecting what the benefits will be when the deferred assessments are paid. The assessments, when paid to Clearwater county, must be forwarded to the commissioner of natural resources, who shall deposit them in the state treasury and credit them to the state bond fund, unless otherwise directed by law.

Subd. 4. [BOND AUTHORIZATION.] To provide the money appropriated in this act from the state building fund the commissioner of finance on request of the governor shall sell and issue bonds of the state in an amount up to \$2,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 2. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; authorizing a loan to the Red Lake watershed district, Clearwater county, to construct an improved and enlarged lake on Walker Brook; authorizing the sale of state bonds; appropriating money."

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

The report was adopted.

Ogren from the Committee on Health and Human Services to which was referred:

H. F. No. 1236, A bill for an act relating to health; establishing a grant for a prenatal care media campaign; proposing coding for new law in Minnesota Statutes, chapter 144.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 256B.04, is amended by adding a subdivision to read:

Subd. 17. [PRENATAL CARE OUTREACH.] (a) The commissioner of human services shall award a grant to an eligible organization to conduct a statewide media campaign promoting early prenatal care. The goals of the campaign are to increase public awareness of the importance of early and continuous prenatal care and to inform the public about public and private funds available for prenatal care.

(b) In order to receive a grant under this section, an applicant must:

- (1) have experience conducting prenatal care outreach;
- (2) have an established statewide constituency or service area;
and
- (3) demonstrate an ability to accomplish the purposes in this subdivision.

(c) Money received under this subdivision may be used for purchase of materials and supplies, staff fees and salaries, consulting fees, and other goods and services necessary to accomplish the goals of the campaign. Money may not be used for capital expenditures.

Sec. 2. [APPROPRIATION.]

\$50,000 is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1991, for the purposes of section 1."

Delete the title and insert:

"A bill for an act relating to health; establishing a grant for a prenatal care media campaign; appropriating money; amending Minnesota Statutes, section 256B.04, by adding a subdivision."

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

The report was adopted.

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

H. F. No. 1289, A bill for an act relating to forestry; directing a study and report on urban reforestation; appropriating money.

Reported the same back with the following amendments:

Page 2, line 11, delete "council" and insert "committee"

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

The report was adopted.

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

H. F. No. 1310, A bill for an act relating to natural resources; establishing a prescribed burn program; requiring permits for prescribed burns; providing assistance for prescribed burns; establishing the position of prescribed burn coordinator; appropriating money; amending Minnesota Statutes 1988, section 84.97.

Reported the same back with the following amendments:

Page 1, line 15, after "the" insert "forest and" and after "prairie" insert "areas"

Page 1, line 23, delete everything before the period and insert "desiring financial and technical assistance" and after "application" insert "for assistance"

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

The report was adopted.

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

H. F. No. 1389, A bill for an act relating to Goodhue county; permitting the county to establish certain payment procedures.

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

The report was adopted.

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

H. F. No. 1454, A bill for an act relating to Itasca county; authorizing a petition to annex unorganized territory to the town of Spang to be signed by residents of the town.

Reported the same back with the following amendments:

Page 1, line 17, delete "the day following final enactment" and insert "January 1, 1990"

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1506, A bill for an act relating to commerce; regulating certain rentals of real property, membership camping practices, and subdivided land sales; amending Minnesota Statutes 1988, sections 82.18; 82.20, subdivision 13; 82A.02, subdivision 6; 83.20, by adding a subdivision; 83.30, subdivision 1; and 83.38, subdivisions 1 and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 82A.02, is amended by adding a subdivision to read:

Subd. 1a. [ADVANCED PAYMENT.] "Advanced payment" means any money paid in advance regardless of its descriptive nomenclature, including, but not limited to, a management fee, listing, security, or advance fee or payment.

Sec. 2. Minnesota Statutes 1988, section 82A.04, subdivision 2, is amended to read:

Subd. 2. [APPLICATION CONTENTS.] The application for registration shall include:

(1) an irrevocable appointment of the commissioner to receive service of any lawful process as required by section 82A.22, subdivision 1;

(2) the name of the campground, the membership camping operator's name and the address of its principal place of business, the form, date of organization, and jurisdiction of its organization; and the name and address of each of its offices in this state;

(3) a copy of the membership camping operator's articles of incorporation, partnership agreement, or joint venture agreement as contemplated or currently in effect;

(4) the name, address, and principal occupation for the past five years of the membership camping operator and of each controlling person of the membership camping operator, and the extent and nature of each such person's interest in the membership camping

operator as of a specified date within 30 days prior to the filing of the application;

(5) a statement indicating whether or not the membership camping operator, or any of the persons identified in clause (4), within the past ten years has been:

(i) convicted of a felony; or

(ii) enjoined or received any adverse administrative order relating to the sale of securities, land, or campgrounds or based on violations of any consumer protection statutes. If any of the above has occurred, the name of the person involved, the jurisdiction, offense, and date of the offense shall be listed;

(6) a legal description of each campground owned or operated in this state by the membership camping operator which is represented to be available for use by purchasers, and a map or maps showing the location of all campgrounds, wherever located, which are owned or operated by the membership camping operator and represented to be available for use by purchasers, and a statement identifying the existing amenities at each such campground and the planned amenities represented as to be available for use by purchasers in the future at each such campground;

(7) the states or jurisdictions in which an application for registration or similar document has been filed by the membership camping operator pursuant to any statute similar to this chapter regulating membership camping contracts and any adverse order, judgment, or decree entered against the operator in connection with membership camping contracts by any regulatory authority in any jurisdiction or by any court;

(8) a statement of the condition of the title to the campground owned or operated in this state by the membership camping operator and represented to be available for use by purchasers, including all encumbrances, deed restrictions, and covenants applicable thereto with data as to recording, as of a specified date within 30 days prior to the date of application, by a title opinion of a licensed attorney or by a title insurance policy, naming the operator or lender as beneficiaries and issued by an insurance company authorized to do business in this state, or by any evidence of title acceptable to the commissioner;

(9) copies of the instruments by which the membership camping operator's interest in the campgrounds in this state was acquired;

(10) copies of all recorded or unrecorded instruments, known to the membership campground operator, that evidence blanket encum-

brances that materially adversely affect the campgrounds in this state;

(11) if there is a blanket encumbrance which materially adversely affects the campgrounds located in this state, a legal description of the encumbrance, and a description of the steps taken to protect purchasers, in accordance with section 82A.14, clause (1), in case of failure to discharge the lien or encumbrance;

(12) evidence showing compliance with the zoning and other applicable environmental or land use laws, ordinances, and rules affecting the use of the campgrounds located in this state;

(13) a statement of the existing and planned provisions for the following with respect to campgrounds located in this state:

(i) purchasers' access to the campgrounds;

(ii) the availability of sewage disposal facilities and other public utilities, including but not limited to water, electricity, gas, and telephone facilities in the campgrounds;

(iii) the proximity of community fire and police protection;

(iv) a statement of the amenities which will be represented to purchasers as guaranteed to be constructed or installed, whether the operator will be responsible for their cost, installation and maintenance and an estimated cost of and schedule for completion of the same; provided that the estimated completion dates need not be more precise than the year in which completion is estimated to occur, and may be extended for the period of any delays caused by or deferred due to the occurrence of events such as acts of God, strikes, and other causes outside the reasonable control of the membership camping operator; and assurance that such amenities will be completed by filing a bond or irrevocable letter of credit, depositing funds in an escrow account, or such other provision as the commissioner may by order allow. The amount of the bond or escrow account shall be reduced monthly in proportion to the amount paid for completion of the amenities during such period. The bond, letter of credit, or escrow account shall be issued or held by a bank or insurance or surety company authorized to do business in this state;

(v) a statement of the amenities to be represented to purchasers as planned for construction and installation, but not guaranteed, whether the operator will be responsible for their costs, installation, and maintenance, and an estimated cost of and schedule for completion of the same; provided that the estimated completion dates need not be more precise than the year in which completion is estimated to occur and may be extended for the period of any delays caused by or deferred due to the occurrence of events such as acts of God,

strikes, and other causes outside the reasonable control of the membership camping operator;

(14) the proposed disclosure statement as required by section 82A.05, subdivision 1, and the proposed separate disclosure, if applicable, as required by section 82A.05, subdivision 6;

(15) a financial statement of the membership camping operator as of the end of the membership camping operator's most recent fiscal year, prepared by an independent public accountant and certified by the camping operator; and, if the fiscal year end of the membership camping operator is in excess of 180 days prior to the date of filing the application, a financial statement, which may be unaudited, as of a date within 180 days of the date of application;

(16) a statement of the applicable material permits, other than building permits, not yet obtained but required to be obtained from various federal, state, and local agencies to operate the membership campground in this state, stating which have been applied for. If any permit has been refused, the reasons for the refusal and the effect the refusal will have on subsequent development of the campgrounds must be disclosed;

(17) a copy of each type of membership camping contract to be sold in this state, the purchase price of each type and, if the price varies, the reason for the variance;

(18) the number of membership camping contracts proposed to be sold at each campground located in this state and a statement describing the method used to determine the number;

(19) rules of general applicability governing use and occupancy of the campgrounds; but not including any temporary or emergency rules, or any rules adopted in response to unique local or immediate needs;

(20) copies of applications for and contracts with any reciprocal program entity in which the membership camping operator is to participate and represents as available for use by purchasers;

(21) information concerning purchase or lease costs, rules, forms, and any fees, other than the initial membership fee and annual dues, which are required for purchaser usage of in-park trailers, recreational vehicles, tents, or other overnight accommodations, provided by or through the membership camping operator, for purchasers as an alternative to using the purchaser's own mobile accommodations; and

(22) any additional information the commissioner reasonably deems appropriate to administer the provisions of this chapter.

Sec. 3. Minnesota Statutes 1988, section 82A.13, subdivision 2, is amended to read:

Subd. 2. [FRAUD.] No person shall, in connection with the offer or sale of any membership camping contract, directly or indirectly:

(1) employ any device, scheme, or artifice to defraud;

(2) make any untrue statement of a material fact, or omit to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or

(3) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; or

(4) accept an advance payment for services rendered by an agent in connection with the resale of a membership camping contract.

Sec. 4. Minnesota Statutes 1988, section 83.20, is amended by adding a subdivision to read:

Subd. 15. "Advance payment" means any money paid in advance regardless of its descriptive nomenclature, including but not limited to, management fee, listing, security, or advance fee or payment in connection with the resale of a timeshare interest.

Sec. 5. Minnesota Statutes 1988, section 83.30, subdivision 1, is amended to read:

Subdivision 1. [FORM; DUE DATE.] During the period a registration is effective, the subdivider shall file an annual report in a format the commissioner may by rule prescribe. The report must include a financial statement of the subdivider's most recent fiscal year, prepared by an accountant and certified by the subdivider. An audited financial statement shall not be required. Every annual report shall be due by the 120th day following the end of the subdivider's fiscal year, unless extended in writing by the commissioner for good cause.

The rulemaking authority in this subdivision does not include emergency rulemaking authority pursuant to chapter 14.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment. Section 5 is effective retroactive to January 1, 1989, and applies to any report due on or after that date."

Delete the title and insert:

"A bill for an act relating to commerce; regulating certain rentals of real property, membership camping practices, and subdivided land sales; amending Minnesota Statutes 1988, sections 82A.02, by adding a subdivision; 82A.04, subdivision 2; 82A.13, subdivision 2; 83.20, by adding a subdivision; and 83.30, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1540, A bill for an act relating to local government; regulating storm sewer improvements in Plymouth and Golden Valley; amending Laws 1979, chapter 303, article 10, section 15.

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

The report was adopted.

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

H. F. No. 1560, A bill for an act relating to natural resources; authorizing the Elephant Creek impoundment in St. Louis county.

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

The report was adopted.

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

H. F. No. 1589, A bill for an act relating to the city of Minneapolis; giving the city certain powers pertaining to the delivery of energy and environmental services.

Reported the same back with the following amendments:

Page 2, after line 22, insert:

"Sec. 4. [COMBINED HEARINGS.]

The Minneapolis city council may conduct the hearing on the improvement required by Minnesota Statutes, section 429.031, and the hearing on the assessments required by Minnesota Statutes, section 429.061, at the same time pursuant to notices which include all of the information required by both sections. If the council proceeds in this manner, the proposed assessments shall be calculated on the basis of the engineer's estimate and other estimates of the council. If the actual cost of the improvement is less than the estimated cost adopted by the council or portion of it determined to be paid from special assessments, the council must provide for the cancellation and annulment or refunding of assessments in the manner provided in Minnesota Statutes, section 430.07, subdivision 5, or section 435.203.

Sec. 5. Minnesota Statutes 1988, section 430.07, subdivision 5, is amended to read:

Subd. 5. [MISTAKEN ESTIMATES.] If, in proceedings under this chapter, the actual cost of the improvement of a street, park, or parkway is less than the estimated cost adopted by the city council, the council shall cancel and annul the assessments made in the proceedings to a total amount that does not exceed the fractional part of the total amount of the excess of estimated cost over the actual cost equivalent to the fraction obtained by dividing the total amount of the assessments by the total amount of the estimated cost.

If the assessments in a proceeding have not been entirely collected, or if the city council considers that assessments cannot be fully collected, the council may direct the city comptroller to keep in the fund in the proceeding an amount the city council thinks will cover the deficiencies in the collection of the assessments. The city council shall direct that the rest of the excess of estimated cost must be disposed of in the following manner. The city council shall direct the city comptroller to certify the amount of this balance to the county auditor. The auditor shall deduct the amount from the first installment of the assessment to be collected after the receipt of the certificate. This deduction must be made from the assessment against each piece or parcel of property in the proportion that the excess, as certified by the city comptroller, bears to the total of the installment of the assessment. If the balance as certified exceeds one installment, it must be deducted from succeeding installments until it is fully deducted. Alternatively, the city council may direct that the city comptroller's certification of the excess be accompanied by a request that the excess be applied to reduce all unpaid installments in proportion to the amount of such unpaid installments. In that case, the assessment rolls shall be recomputed by reducing the amount of the original assessment against each piece or parcel of property in the proportion that the excess, as certified by the city comptroller, bears to the total original assessment. The balance for each piece or parcel of property, after deduction of principal installments previously paid or in the process of collection, shall then be

divided into equal annual installments of principal or equal annual installments of principal and interest, whichever method was used for the original assessments. The same rate of interest and collection period shall apply to the new installments as was provided for the original assessment.

If the assessment against a piece or parcel of property has been paid in full, and the amount to be refunded does not exceed \$1, the city council may deposit the amount of the potential refund in the city's permanent improvement fund or bond redemption fund.

If the amount to be refunded exceeds \$1, but does not exceed \$20, the city comptroller shall mail to the current owner of the property a notice stating that the refund is available. The notice must be mailed within 60 days after the city council determines the actual cost of the improvement.

If the amount to be refunded exceeds \$20 the following notice procedure must be followed. The city comptroller shall mail to the person who owned the property when the assessment was paid, at the person's last known address, a notice stating that the refund is available. The notice must be mailed within 60 days after the city council determines the actual cost of the improvement. If a response is not received from the owner within ten days of the date of mailing, a second notice must be mailed. If the refund is not claimed by the person who owned the property when the assessment was paid within 30 days of the date of mailing the last required notice, the city council may deposit the amount of the potential refund in the city's permanent improvement fund or bond redemption fund."

Page 2, line 24, delete "This act is" and insert "Sections 1 to 4 are"

Renumber the remaining section

Amend the title as follows:

Page 1, line 4, after "services" insert "; providing for combined hearings on improvements and assessments; amending Minnesota Statutes 1988, section 430.07, subdivision 5"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1620, A bill for an act relating to natural resources; reallocating costs assessed against the game and fish fund; appro-

priating money; amending Minnesota Statutes 1988, sections 97A.055, by adding a subdivision; 97A.061, subdivision 1; and 97A.165; proposing coding for new law in Minnesota Statutes, chapter 84.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1689, A resolution memorializing the President and Congress of the United States to take action to review and revise the statutory framework of the laws of the United States with respect to hostile takovers and stock accumulations having certain adverse effects and to permit certain state regulation.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 1709, A bill for an act relating to commerce; regulating divesting transactions involving a principal domestic subsidiary; authorizing the metropolitan airports commission to approve a change in control of a major tenant at the Minneapolis-St. Paul International Airport; modifying standards that may be considered by certain investment fiduciaries; providing for worker and consumer protections after a leveraged buyout; imposing a tax on golden parachute compensation agreements; amending Minnesota Statutes 1988, sections 80B.01, subdivisions 1, 10, and by adding subdivisions; 268.07, subdivision 2; and 302A.011, subdivision 41, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 80B; 290; 300; 302A; and 325E; proposing coding for new law as Minnesota Statutes, chapters 268A; and 360A.

Reported the same back with the following amendments:

Page 4, line 20, delete "fully audited" and after "information" insert "(audited, if available)"

Page 5, line 18, delete "based on clear and convincing evidence," and insert "that the acquiring person has established"

Page 5, line 19, delete "will" and insert "is not likely to"

Page 10, line 35, delete "50" and insert "25"

Page 10, line 36, delete "and assets, revenues, and" and insert "or net"

Page 11, line 1, delete "operating"

Page 20, line 16, delete "31" and insert "12"

Page 21, line 6, delete "May 1" and insert "April 17"

Page 22, line 23, delete "Notwithstanding any law to the contrary,"

Page 22, line 34, delete the period and insert ", including the possibility that these interests may be best served by the continued independence of the Minnesota public company."

Subd. 2. [NONLIABILITY.] Notwithstanding anything to the contrary contained in Minnesota statutes or otherwise and except as set forth in subdivisions 3 and 4, no person having investment or voting power or discretion who determines, in good faith, on the basis of the authority granted by subdivision 1, that securities issued by a Minnesota public company shall not be tendered into a takeover offer or otherwise tendered, sold, or exchanged, or that the securities shall be voted in effect in favor of the continued independence of a Minnesota public company, including voting against any action to change or otherwise affect the composition of the board of directors or other governing body of the Minnesota public company or against any other action to directly or indirectly facilitate or effect a takeover or change of control of a Minnesota public company, shall be liable to any person as a result of that determination and the exercise of power or discretion pursuant thereto."

Page 22, line 35, delete "2" and insert "3"

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

The report was adopted.

Ogren from the Committee on Health and Human Services to which was referred:

S. F. No. 264, A bill for an act relating to health; requiring that health care providers timely furnish patient health records and

reports; amending Minnesota Statutes 1988, section 144.335, subdivisions 2 and 3.

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

The report was adopted.

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

S. F. No. 297, A bill for an act relating to game and fish; authorizing party hunting for small game; authorizing party fishing by angling; proposing coding for new law in Minnesota Statutes, chapters 97B and 97C.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 97B.031, subdivision 1, is amended to read:

Subdivision 1. [FIREARMS AND AMMUNITION THAT MAY BE USED TO TAKE BIG GAME.] (a) A person may take big game with a firearm only if:

(1) the rifle, shotgun, and handgun used is a caliber of at least .23 inches;

(2) the firearm is loaded only with single projectile ammunition;

(3) a projectile used is a caliber of at least .23 inches and has a soft point or is an expanding bullet type;

(4) the ammunition has a case length of at least 1.285 inches;

(5) the muzzle-loader used is incapable of being loaded at the breech;

(6) the smooth-bore muzzle-loader used is a caliber of at least .45 inches; and

(7) the rifled muzzle-loader used is a caliber of at least .40 inches.

(b) A person may not take big game with a .30 caliber M-1 carbine cartridge.

(c) A person may take big game with a ten millimeter cartridge.

Sec. 2. [97B.603] [SMALL GAME PARTY HUNTING.]

While two or more persons are hunting small game as a party and maintaining unaided visual and vocal contact, a member of the party may take and possess more than one limit of small game, but the total number of small game taken and possessed by the party may not exceed the limit of the number of persons in the party that may take and possess small game.

Sec. 3. [97C.317] [FISHING AS A PARTY.]

While two or more persons are taking fish by angling as a party, the total number of fish taken and the total number of fish possessed by the party may not exceed the limit of the number of persons in the party that may take and possess fish by angling. For the purpose of this section a party means, for persons who are not on the water that the persons are maintaining unaided visual and vocal contact, and for persons who are on the water that the persons are angling from a single watercraft.

Sec. 4. [EFFECTIVE DATE.]

Sections 2 and 3 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 2, after the semicolon insert "regulating ammunition that may be used to take big game;"

Page 1, line 4, before "proposing" insert "amending Minnesota Statutes 1988, section 97B.031, subdivision 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

S. F. No. 388, A resolution memorializing the President and Congress to enact legislation to allow the use of flexible highway design standards in the interstate highway 35W corridor, to make federal money available for a light rail transit system, and to make funds available for the completion and repair of federal aid highways.

Reported the same back with the following amendments:

Delete everything after the title and insert:

"Whereas, activities have been undertaken, including the preparation of a draft environmental impact statement, which may eventually lead to a major highway construction project in the corridor of interstate highway 35W in the cities of Minneapolis, Richfield, Bloomington, and Burnsville; and

Whereas, these activities have generated apprehensiveness in established residential neighborhoods concerning the potential disruption which a major construction project would produce; and

Whereas, the interstate highway 35W corridor presents an opportunity to deal with urban freeway traffic congestion in a creative manner by examining alternatives which could avoid the necessity of adding new freeway lanes north of the intersection of interstate highway 35W and interstate highway 494; and

Whereas, the use of intensive traffic management techniques, accident reduction and mitigation strategies, and increased transit use through existing and new modes hold the potential of substantially expanding the corridor's capacity for moving traffic without disrupting neighborhoods with extensive new construction; and

Whereas, the Congress of the United States has once before recognized a unique transportation situation in the Twin Cities metropolitan area by authorizing federal funding in a "high density urban highway intermodal transportation connection" demonstration project in the trunk highway 55 corridor in the city of Minneapolis; and

Whereas, the Congress of the United States can again recognize a unique transportation situation by authorizing greater flexibility for the state of Minnesota in using federal funds made available for improvements on interstate highway 35W and more flexible design standards in making such improvements; and

Whereas, greater flexibility in the use of federal funds and the use of flexible highway design standards in the interstate highway 35W corridor would test whether a combination of new and enhanced transit and new and intensive traffic management techniques can reduce the need for increased highway capacity; and

Whereas, greater flexibility in fund use and design standards would encourage the implementation of transit and shared ride facilities such as high occupancy vehicle lanes and bypasses of freeway meters, and allow for flexibility in implementing the stages of the project; and

Whereas, greater flexibility in fund use and design standards

could result in substantial cost savings for both the state and federal governments as well as limiting the potential adverse impact caused by new urban freeway construction; *Now, Therefore,*

Be It Resolved by the Legislature of the State of Minnesota that the Congress of the United States is urged to enact, and the President of the United States is urged to approve, legislation authorizing greater flexibility in the use by the state of Minnesota of federal funds made available for improvements on interstate highway 35W than is now allowed under the federal 4-R program, including the use of flexible design standards and the use of these federal funds for transportation system management techniques and transit promotion.

Be It Further Resolved that the Congress of the United States make sufficient highway funds available to the states so that Minnesota and other states can proceed to timely completion of the interstate system and needed reconstruction and repair of federal aid highways.

Be It Further Resolved that since light rail transit has great potential in the metropolitan area to alleviate freeway congestion and increase the capacity to efficiently move people, the Legislature of the State of Minnesota urges Congress and the President to make federal grant money available to the regional rail authorities for design, construction, and capital costs of a light rail transit system.

Be It Further Resolved that the Secretary of State of the State of Minnesota is directed to prepare certified copies of this resolution and to transmit them to the President of the United States, the President and Secretary of the United States Senate, the Speaker and Chief Clerk of the United States House of Representatives, and to Minnesota's Senators and Representatives in Congress."

Amend the title as follows:

Page 1, line 3, after "allow" insert "greater flexibility in the use of federal funds and"

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 619, 728, 953, 965, 1389, 1454, 1506, 1540, 1560 and 1589 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 827, 1270, 695, 264, 297 and 388 were read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

Pauly, Himle and Kelso introduced:

H. F. No. 1729, A bill for an act relating to appropriations; appropriating money to upgrade a segment of county state-aid highway 18 in Hennepin county.

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

O'Connor introduced:

H. F. No. 1730, A bill for an act relating to commerce; requiring seating furniture in public occupancies to meet flammability and labeling standards; proposing coding for new law in Minnesota Statutes, chapter 299F.

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

Jefferson introduced:

H. F. No. 1731, A bill for an act relating to education; appropriating money for Education Is Our Goal, Inc.'s community-based basic skills training program.

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

Carlson, D., introduced:

H. F. No. 1732, A bill for an act relating to local government; providing for the board membership of the Moose Lake and Windemere sanitary sewer district; amending Laws 1974, chapter 400, section 4, subdivision 2, as amended.

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

Limmer, Tjornhom, Bertram, Valento and Pugh introduced:

H. F. No. 1733, A bill for an act relating to taxation; income; providing a subtraction for certain expenses related to the adoption of a child; amending Minnesota Statutes 1988, section 290.01, subdivision 19b.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

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

S. F. No. 787.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 787, A bill for an act relating to human services; establishing reporting requirements; defining the functions and responsibilities of the commissioner in supervising community social services administered by the counties; requiring the commissioner of human services to ensure compliance with applicable program laws and regulations; implementing corrective action plans; providing sanctions and establishing an incentive program; amending Minnesota Statutes 1988, sections 245.482; 245.716; 245.73, subdivision 4; 252.275, subdivision 7; 256.01, subdivision 2; 256.72; 256.736, subdivision 15; 256.871, subdivision 6; 256.935, subdivision 1; 256B.05, subdivision 1; 256B.20; 256D.04; 256D.39; 256E.05, subdivision 3, and by adding subdivisions; 256E.08, subdivisions 1 and 8; 256E.12, subdivision 3; 256F.06, subdivision 4; 256H.09, subdivision 1; and 257.3575, subdivision 2.

The bill was read for the first time.

Jefferson moved that S. F. No. 787 and H. F. No. 965, now on

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

CONSENT CALENDAR

S. F. No. 1241, A bill for an act relating to education; changing a requirement for teaching in barber school; amending Minnesota Statutes 1988, section 154.065, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Lasley	Omann	Scheid
Anderson, G.	Frederick	Lieder	Onnen	Schreiber
Anderson, R.	Frerichs	Limmer	Orenstein	Seaberg
Battaglia	Girard	Long	Osthoff	Skoglund
Bauerly	Gruenes	Lynch	Ostrom	Solberg
Beard	Hartle	Macklin	Otis	Sparby
Begich	Hasskamp	Marsh	Ozment	Stanius
Bennett	Haukoos	McDonald	Pauly	Steensma
Bertram	Heap	McEachern	Pellow	Sviggum
Bishop	Henry	McGuire	Pelowski	Tjornhom
Blatz	Himle	McPherson	Peterson	Tompkins
Boo	Hugoson	Milbert	Poppenhagen	Tunheim
Brown	Jacobs	Miller	Price	Uphus
Burger	Janezich	Morrison	Pugh	Valento
Carlson, D.	Jefferson	Munger	Redalen	Vellenga
Carlson, L.	Jennings	Murphy	Reding	Wagenius
Carruthers	Johnson, A.	Nelson, C.	Rest	Waltman
Clark	Johnson, R.	Nelson, K.	Rice	Weaver
Conway	Johnson, V.	Neuenschwander	Richter	Welle
Cooper	Kalis	O'Connor	Rodosovich	Wenzel
Dauner	Kelso	Ogren	Rukavina	Williams
Dawkins	Kinkel	Olsen, S.	Runbeck	Winter
Dempsey	Knickerbocker	Olson, E.	Sarna	Wynia
Dorn	Kostohryz	Olson, K.	Schafer	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1282, A bill for an act relating to mechanics' liens; clarifying and simplifying the contractors' and subcontractors' notice; amending Minnesota Statutes 1988, section 514.011, subdivisions 1, 2, and by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Limmer	Orenstein	Segal
Anderson, G.	Frerichs	Long	Osthoff	Skoglund
Anderson, R.	Girard	Lynch	Ostrom	Solberg
Battaglia	Gruenes	Macklin	Otis	Sparby
Bauerly	Hartle	Marsh	Ozment	Stanius
Beard	Hasskamp	McDonald	Pauly	Steensma
Begich	Haukoos	McEachern	Pellow	Sviggum
Bennett	Heap	McGuire	Pelowski	Tjornhom
Bertram	Henry	McLaughlin	Peterson	Tompkins
Bishop	Himle	McPherson	Poppenhagen	Tunheim
Blatz	Hugoson	Milbert	Price	Uphus
Boo	Jacobs	Miller	Pugh	Valento
Brown	Janezich	Morrison	Redalen	Vellenga
Burger	Jefferson	Munger	Reding	Wagenius
Carlson, D.	Jennings	Murphy	Rest	Waltman
Carlson, L.	Johnson, A.	Nelson, C.	Rice	Weaver
Carruthers	Johnson, R.	Nelson, K.	Richter	Welle
Clark	Johnson, V.	Neuenschwander	Rodosovich	Wenzel
Conway	Kalis	O'Connor	Rukavina	Williams
Cooper	Kelso	Ogren	Runbeck	Winter
Dauner	Kinkel	Olsen, S.	Sarna	Wynia
Dawkins	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Dempsey	Kostohryz	Olson, K.	Scheid	
Dorn	Lasley	Omman	Schreiber	
Forsythe	Lieder	Onnen	Seaberg	

The bill was passed and its title agreed to.

H. F. No. 1445, A bill for an act relating to agriculture; making technical changes in the seed and dairy inspection laws; amending Minnesota Statutes 1988, sections 21.89, subdivisions 2 and 4; and 32.103.

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

The question was taken on the passage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Burger	Frerichs	Jefferson	Lieder
Anderson, G.	Carlson, D.	Girard	Jennings	Limmer
Anderson, R.	Carlson, L.	Gruenes	Johnson, A.	Long
Battaglia	Carruthers	Hartle	Johnson, R.	Lynch
Bauerly	Clark	Hasskamp	Johnson, V.	Macklin
Beard	Conway	Haukoos	Kalis	Marsh
Begich	Cooper	Heap	Kelly	McDonald
Bennett	Dauner	Henry	Kelso	McEachern
Bertram	Dawkins	Himle	Kinkel	McGuire
Bishop	Dempsey	Hugoson	Knickerbocker	McLaughlin
Blatz	Dorn	Jacobs	Kostohryz	McPherson
Boo	Forsythe	Janezich	Krueger	Milbert
Brown	Frederick	Jaros	Lasley	Miller

Morrison	Orenstein	Redalen	Skoglund	Wagenius
Munger	Osthoff	Reding	Solberg	Waltman
Murphy	Ostrom	Rest	Sparby	Weaver
Nelson, C.	Otis	Rice	Stanius	Welle
Nelson, K.	Ozment	Richter	Steensma	Wenzel
Neuenschwander	Pappas	Rodosovich	Sviggum	Williams
O'Connor	Pauly	Rukavina	Tjornhom	Winter
Ogren	Pellow	Runbeck	Tompkins	Wynia
Olsen, S.	Pelowski	Sarna	Trimble	Spk. Vanasek
Olsen, E.	Peterson	Schafer	Tunheim	
Olson, K.	Poppenhagen	Scheid	Uphus	
Omann	Price	Schreiber	Valento	
Onnen	Pugh	Seaberg	Vellenga	

The bill was passed and its title agreed to.

S. F. No. 69, A bill for an act relating to education; requiring a school district to make reasonable efforts to accommodate a pupil who wishes to be absent from school for religious observances; proposing coding for new law in Minnesota Statutes, chapter 120.

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

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

Those who voted in the affirmative were:

Abrams	Frerichs	Lasley	Onnen	Seaberg
Anderson, G.	Girard	Lieder	Orenstein	Segal
Anderson, R.	Greenfield	Limmer	Osthoff	Skoglund
Battaglia	Gruenes	Long	Ostrom	Solberg
Bauerly	Hartle	Lynch	Otis	Sparby
Beard	Hasskamp	Macklin	Ozment	Stanius
Begich	Haukoos	Marsh	Pappas	Steensma
Bennett	Heap	McDonald	Pauly	Sviggum
Bertram	Henry	McEachern	Pellow	Tjornhom
Bishop	Himle	McGuire	Pelowski	Tompkins
Blatz	Hugoson	McLaughlin	Peterson	Trimble
Boo	Jacobs	McPherson	Poppenhagen	Tunheim
Brown	Janezich	Milbert	Price	Uphus
Burger	Jaros	Miller	Pugh	Valento
Carlson, D.	Jefferson	Morrison	Redalen	Vellenga
Carlson, L.	Jennings	Munger	Reding	Wagenius
Carruthers	Johnson, A.	Murphy	Rest	Waltman
Clark	Johnson, R.	Nelson, C.	Rice	Weaver
Conway	Johnson, V.	Nelson, K.	Richter	Welle
Cooper	Kalis	Neuenschwander	Rodosovich	Wenzel
Dauner	Kelly	O'Connor	Rukavina	Williams
Dawkins	Kelso	Ogren	Runbeck	Winter
Dempsey	Kinkel	Olsen, S.	Sarna	Wynia
Dorn	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Forsythe	Kostohryz	Olson, K.	Scheid	
Frederick	Krueger	Omann	Schreiber	

The bill was passed and its title agreed to.

S. F. No. 936, A bill for an act relating to state lands; authorizing

exchange of state property with city of St. Cloud.

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:

Abrams	Frerichs	Krueger	Omann	Schreiber
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Skoglund
Bauerly	Hartle	Long	Ostrom	Solberg
Beard	Hasskamp	Lynch	Otis	Sparby
Begich	Haukoos	Macklin	Ozment	Stanisus
Bennett	Heap	Marsh	Pappas	Steensma
Bertram	Henry	McDonald	Pauly	Sviggum
Bishop	Himle	McEachern	Pellow	Tjornhom
Blatz	Hugoson	McGuire	Pelowski	Tompkins
Boo	Jacobs	McLaughlin	Peterson	Trimble
Brown	Janezich	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Pugh	Valento
Carlson, L.	Jennings	Morrison	Redalen	Vellenga
Carruthers	Johnson, A.	Munger	Reding	Wagenius
Clark	Johnson, R.	Murphy	Rest	Waltman
Conway	Johnson, V.	Nelson, C.	Rice	Weaver
Cooper	Kahn	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	

The bill was passed and its title agreed to.

H. F. No. 146, A bill for an act relating to the education code; revising the text of certain chapters of the code without changing their meaning; amending Minnesota Statutes 1988, chapters 128; 128A; 128B; and 129; repealing Minnesota Statutes 1988, sections 128.04; 128.06; 128.069; 128A.04; 129.02; and 129.05 to 129.10.

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

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

Those who voted in the affirmative were:

Abrams	Bauerly	Bertram	Brown	Carruthers
Anderson, G.	Beard	Bishop	Burger	Clark
Anderson, R.	Begich	Blatz	Carlson, D.	Conway
Battaglia	Bennett	Boo	Carlson, L.	Cooper

Dauner	Johnson, A.	McPherson	Pellow	Sparby
Dawkins	Johnson, R.	Milbert	Pelowski	Stanis
Dempsey	Johnson, V.	Morrison	Peterson	Steensma
Dorn	Kahn	Munger	Poppenhagen	Sviggum
Forsythe	Kalis	Murphy	Price	Tjornhom
Frederick	Kelly	Nelson, C.	Pugh	Tompkins
Frerichs	Kelso	Nelson, K.	Redalen	Trimble
Girard	Kinkel	Neuenschwander	Reding	Tunheim
Greenfield	Knickerbocker	O'Connor	Rest	Uphus
Gruenes	Kostohryz	Ogren	Rice	Valento
Hartle	Krueger	Olsen, S.	Richter	Vellenga
Hasskamp	Lasley	Olson, E.	Rodosovich	Wagenius
Haukoos	Lieder	Olson, K.	Rukavina	Waltman
Heap	Limmer	Omann	Runbeck	Weaver
Henry	Long	Onnen	Sarna	Welle
Himle	Lynch	Orenstein	Schafer	Wenzel
Hugoson	Macklin	Osthoff	Scheid	Williams
Jacobs	Marsh	Ostrom	Schreiber	Winter
Janezich	McDonald	Otis	Seaberg	Wynia
Jaros	McEachern	Ozment	Segal	Spk. Vanasek
Jefferson	McGuire	Pappas	Skoglund	
Jennings	McLaughlin	Pauly	Solberg	

The bill was passed and its title agreed to.

H. F. No. 390, A bill for an act relating to appropriations; requiring recommendations of the legislative advisory commission to be made at a meeting of the commission except in certain circumstances; amending Minnesota Statutes 1988, section 3.30, subdivisions 1 and 2.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Johnson, A.	McLaughlin	Ozment
Anderson, G.	Dempsey	Johnson, R.	McPherson	Pappas
Anderson, R.	Dorn	Johnson, V.	Milbert	Pauly
Battaglia	Forsythe	Kahn	Miller	Pellow
Bauerly	Frederick	Kalis	Morrison	Pelowski
Beard	Frerichs	Kelly	Munger	Peterson
Begich	Girard	Kelso	Murphy	Poppenhagen
Bennett	Greenfield	Kinkel	Nelson, C.	Price
Bertram	Gruenes	Knickerbocker	Nelson, K.	Pugh
Bishop	Hartle	Kostohryz	Neuenschwander	Redalen
Blatz	Hasskamp	Krueger	O'Connor	Reding
Boo	Haukoos	Lasley	Ogren	Rest
Brown	Heap	Lieder	Olsen, S.	Rice
Burger	Henry	Limmer	Olson, E.	Richter
Carlson, D.	Himle	Long	Olson, K.	Rodosovich
Carlson, L.	Hugoson	Lynch	Omann	Rukavina
Carruthers	Jacobs	Macklin	Onnen	Runbeck
Clark	Janezich	Marsh	Orenstein	Sarna
Conway	Jaros	McDonald	Osthoff	Schafer
Cooper	Jefferson	McEachern	Ostrom	Scheid
Dauner	Jennings	McGuire	Otis	Schreiber

Seaberg
Segal
Skoglund
Solberg
Sparby

Stanius
Steensma
Sviggum
Tjornhom
Tompkins

Trimble
Tunheim
Uphus
Valento
Vellenga

Wagenius
Waltman
Weaver
Welle
Wenzel

Williams
Winter
Wynia
Spk. Vanasek

The bill was passed and its title agreed to.

S. F. No. 169 was reported to the House.

Abrams and Hartle moved to amend S. F. No. 169, as follows:

Page 2, after line 16, insert:

"Sec. 2. Minnesota Statutes 1988, section 169.345, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purpose of this section, "physically handicapped person" means a person who:

- (1) because of disability cannot walk without significant risk of falling;
- (2) because of disability cannot walk 200 feet without stopping to rest;
- (3) because of disability cannot walk without the aid of another person, a walker, a cane, crutches, braces, a prosthetic device, or a wheelchair;
- (4) is restricted by a respiratory disease to such an extent that the person's forced (respiratory) expiratory volume for one second, when measured by spirometry, is less than one meter;
- (5) has an arterial oxygen tension (PAO2) of less than 60 mm/hg on room air at rest;
- (6) uses portable oxygen; or
- (7) has a cardiac condition to the extent that the person's functional limitations are classified in severity as class III or class IV according to standards set by the American Heart Association; or
- (8) has lost an arm or a leg and does not have or cannot use an artificial limb."

Amend the title as follows:

Page 1, line 4, after the semicolon insert "defining a handicapped person for purposes of parking privileges;"

Page 1, line 5, delete "section" and insert "sections" and before the period insert "; and 169.345, subdivision 2"

The motion prevailed and the amendment was adopted.

S. F. No. 169, A bill for an act relating to motor vehicles; allowing custodial parent of handicapped minor to obtain special license plates for the handicapped; amending Minnesota Statutes 1988, section 168.021, subdivisions 1 and 3.

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

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

Those who voted in the affirmative were:

Abrams	Girard	Lasley	Onnen	Seaberg
Anderson, G.	Greenfield	Lieder	Orenstein	Segal
Anderson, R.	Gruenes	Limmer	Osthoff	Skoglund
Battaglia	Hartle	Long	Ostrom	Solberg
Bauerly	Hasskamp	Lynch	Otis	Sparby
Beard	Haukoos	Macklin	Ozment	Stanisus
Bennett	Heap	Marsh	Pappas	Steensma
Bertram	Henry	McDonald	Pauly	Svigum
Bishop	Himle	McEachern	Pellow	Tjornhom
Blatz	Hugoson	McGuire	Pelowski	Tompkins
Boo	Jacobs	McLaughlin	Peterson	Trimble
Brown	Janezich	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Pugh	Valento
Carlson, L.	Jennings	Morrison	Redalen	Vellenga
Carruthers	Johnson, A.	Munger	Reding	Wagenius
Clark	Johnson, R.	Murphy	Rest	Waltman
Conway	Johnson, V.	Nelson, C.	Rice	Weaver
Cooper	Kahn	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	
Frerichs	Krueger	Omänn	Schreiber	

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

S. F. No. 701, A bill for an act relating to insurance; requiring coverage for child health supervision and prenatal services; clarifying certain definitions; amending Minnesota Statutes 1988, section 62A.047.

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:

Abrams	Frerichs	Krueger	Omann	Schreiber
Anderson, G.	Girard	Lasley	Onnen	Seaberg
Anderson, R.	Greenfield	Lieder	Orenstein	Segal
Battaglia	Gruenes	Limmer	Osthoff	Skoglund
Bauerly	Hartle	Long	Ostrom	Solberg
Beard	Hasskamp	Lynch	Otis	Sparby
Begich	Haukoos	Macklin	Ozment	Stanis
Bennett	Heap	Marsh	Pappas	Steensma
Bertram	Henry	McDonald	Pauly	Sviggum
Bishop	Himle	McEachern	Pellow	Tjornhom
Blatz	Hugoson	McGuire	Pelowski	Tompkins
Boo	Jacobs	McLaughlin	Peterson	Trimble
Brown	Janezich	McPherson	Poppenhagen	Tunheim
Burger	Jaros	Milbert	Price	Uphus
Carlson, D.	Jefferson	Miller	Pugh	Valento
Carlson, L.	Jennings	Morrison	Redalen	Vellenga
Carruthers	Johnson, A.	Munger	Reding	Wagenius
Clark	Johnson, R.	Murphy	Rest	Waltman
Conway	Johnson, V.	Nelson, C.	Rice	Weaver
Cooper	Kahn	Nelson, K.	Richter	Welle
Dauner	Kalis	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kelly	O'Connor	Rukavina	Williams
Dempsey	Kelso	Ogren	Runbeck	Winter
Dorn	Kinkel	Olsen, S.	Sarna	Wynia
Forsythe	Knickerbocker	Olson, E.	Schafer	Spk. Vanasek
Frederick	Kostohryz	Olson, K.	Scheid	

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 1408 was reported to the House.

Carruthers moved to amend H. F. No. 1408, the second engrossment, as follows:

Page 3, line 4, delete "By January 1,"

Page 3, line 5, delete "1990,"

Page 4, line 8, after "developed," insert "owned,"

Page 8, line 19, delete "review" and insert "completion"

Page 8, line 20, strike "by the"; delete "board"

Page 12, line 10, after "and" insert "where applicable"

Page 12, line 11, after the period, insert "Each relevant organization shall nominate at least two persons for each position."

Page 13, line 32, delete "1½" and insert "2"

Page 15, line 14, strike everything after the period

Page 15, strike line 15

Page 16, line 15, delete "facility, shops, yards, or" and insert "shop, yard, and"

Page 16, line 34, before "Sections" insert "Sections 1 to 21 are effective the day following final enactment."; delete "18" and insert "19"

The motion prevailed and the amendment was adopted.

Carruthers moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 10, after line 12, insert:

"Subd. 2. [COUNCIL REVIEW.] The council may review, comment, and recommend changes with respect to any aspect of the joint management plan and preliminary and final design plans and may transmit its comments and recommendations to the transit board, the joint board, regional rail authorities, and the commissioner of transportation."

ReNUMBER subdivisions in sequence

The motion prevailed and the amendment was adopted.

Pappas moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 2, delete lines 13 to 15

ReNUMBER clauses in sequence

Page 2, line 23, delete "(3)" and insert "(2)"

Page 2, line 24, delete "(4)" and insert "(3)"

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

Trimble moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 4, line 26, delete everything after the period

Page 4, delete line 27

Page 4, line 28, delete everything before "Before"

Page 9, line 23, delete everything after "approved"

Page 9, delete line 24

Page 9, line 25, delete everything before the period

A roll call was requested and properly seconded.

The question was taken on the Trimble amendment and the roll was called. There were 74 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Limmer	Omann	Sparby
Anderson, R.	Hartle	Long	Orenstein	Stanis
Bennett	Haukoos	Lynch	Pappas	Sviggum
Blatz	Heap	Macklin	Pellow	Tjornhom
Boo	Henry	Marsh	Pelowski	Trimble
Brown	Himle	McDonald	Poppenhagen	Tunheim
Burger	Hugoson	McEachern	Price	Uphus
Dauner	Jacobs	McGuire	Redalen	Valento
Dawkins	Jaros	McPherson	Richter	Vellenga
Dempsey	Jennings	Miller	Rodosovich	Waltman
Dille	Kahn	Morrison	Rukavina	Weaver
Dorn	Kelly	Neuenschwander	Runbeck	Winter
Forsythe	Knickerbocker	O'Connor	Schafer	Wynia
Frederick	Kostohryz	Olson, E.	Schreiber	Spk. Vanasek
Girard	Krueger	Olson, K.	Seaberg	

Those who voted in the negative were:

Abrams	Conway	Kinkel	Onnen	Sarna
Battaglia	Cooper	Lasley	Osthoff	Scheid
Bauerly	Frerichs	Lieder	Ostrom	Segal
Beard	Greenfield	McLaughlin	Otis	Skoglund
Begich	Hasskamp	Milbert	Ozment	Solberg
Bertram	Janezich	Munger	Pauly	Steensma
Bishop	Jefferson	Murphy	Peterson	Tompkins
Carlson, D.	Johnson, A.	Nelson, C.	Pugh	Wagenius
Carlson, L.	Johnson, V.	Nelson, K.	Reding	Welle
Carruthers	Kalis	Ogren	Rest	Wenzel
Clark	Kelso	Olsen, S.	Rice	Williams

The motion prevailed and the amendment was adopted.

Osthoff moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 12, line 2, after "and" insert "at least six"

The motion prevailed and the amendment was adopted.

Vellenga moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 3, line 34, after the comma, insert "showing ten-year capital development objectives and a schedule of specific capital improvements and acquisitions."

The motion prevailed and the amendment was adopted.

Valento moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 2, line 5, after "in" insert "(i) an efficient, cost-effective manner, and (ii)"

Page 3, line 4, delete "By January 1,"

Page 3, line 5, delete "1990,"

Page 3, line 14, after "in" insert "(i) an efficient, cost-effective manner, and (ii)"

Page 3, line 16, delete "The"

Page 3, delete line 17, and insert:

"(d) The joint board shall complete the first part of the management plan by January 1, 1990. The first part consists of a system-wide capital development and financial plan, which must include the following elements:

(1) a statement of objectives for capital development for a prospective ten-year period, describing priorities and needs based on capacity requirements and ridership projections for the various segments of the system, the total capital costs, and a general plan and recommendations for long-term capital financing;

(2) a five-year capital improvements plan, setting forth a schedule of specific capital improvements and acquisitions for a five-year period following the commencement of construction of facilities;

(3) a five-year financial plan showing, for the improvements and acquisitions scheduled in the capital improvements plan: (i) the anticipated capital expenditures, (ii) total annual debt service

requirements, (iii) anticipated annual operating costs, (iv) anticipated annual operating revenues based on ridership projections, both for total riders and for new riders attributable to the light rail facilities, (v) annual operating subsidy levels, and (vi) policies and recommendations on the source of funds for capital expenditures, debt service, and the operating subsidy, including the share of the subsidy to be paid by regional railroad authorities; and

(4) a general plan for organizing and coordinating acquisition, construction, ownership, and operation of the system, including in particular, coordination of vehicle specifications, provisions for a single light rail transit operator for the system, and the organization and coordination method required if a turn-key approach to facility acquisition is used by a regional railroad authority.

For any segments of rail line that may be constructed below the surface elevation, the financial plan must estimate the additional capital costs, debt service, and subsidy level that are attributable to the below grade construction.

(e) The joint board shall complete the second part of the management plan by July 1, 1990. The second part consists of a system-wide implementation plan, which must include the following elements:"

Page 3, delete lines 25 to 30

Page 3, line 31, delete "(4)" and insert "(3)"

Page 3, delete lines 33 to 36

Page 4, delete lines 1 to 3

Page 4, line 4, delete "(6)" and insert "(4)"

Page 4, line 5, after "plans" insert ", including a description of the requirements for joint board review of design plans under subdivision 4"

Page 4, line 6, delete "(7)" and insert "(5)"

Page 4, line 8, after "in" insert "(i) an efficient and cost-effective manner, and (ii)"

Page 4, line 20, delete "by March 1, 1990" and insert "for review. The first part of the plan, under paragraph (d), must be submitted by January 1, 1990. The second part of the plan, under paragraph (e), must be submitted by July 1, 1990"

Reletter paragraphs

Page 5, line 2, after "employed" insert "by,"; delete "on"

Page 5, line 3, delete everything before "regional" and insert "or for professional services to,"

Page 5, line 4, delete "by"

Page 5, line 5, delete "by" in both places

Page 5, line 8, after the first "plan" insert ", plan part,"

Page 5, line 19, before "Each" insert "Following approval of the regional management plan or part thereof,"

Page 5, line 22, delete everything after "approved" and insert "plan or plan part."

Page 5, line 25, after "its" insert "preliminary and"

Page 5, line 27, after "plan" insert "or plan part"; after "its" insert "preliminary and"

Page 6, line 12, after "crossings" insert ", including whether the track is elevated, on the surface, or below ground"

Page 6, line 13, delete everything after the semicolon

Page 6, delete line 14

Page 6, line 17, delete "acquisition and"; delete "strategy" and insert "method"

Page 6, line 24, after "engineering," insert "standards and specifications for facilities and equipment; environmental impacts and mitigation measures;"

Page 7, line 30, after "(b)" insert "The board shall refer the plans to the metropolitan council for review, comment, and approval or disapproval for conformity with metropolitan transportation system plans."

Page 8, line 7, delete "and"

Page 8, line 9, after the first "plans" insert ", and the conformity of the plans with the regional capital development and financial plan prepared under section 3, subdivision 1, paragraph (d)"

Page 8, line 13, after the period, insert "The board may disapprove and require modification in the plans for failure to conform to an adopted and approved regional capital development and financial plan. Board review and approval of preliminary design plans before"

completion and approval of the regional capital development and financial plan is conditional, and after approving the regional development and financial plan, the board shall again review any previously reviewed design plans to ensure conformity with the regional plan."

A roll call was requested and properly seconded.

The question was taken on the Valento amendment and the roll was called. There were 68 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abrams	Gruenes	Lynch	Ozment	Stanis
Anderson, G.	Hartle	Macklin	Pappas	Sviggum
Anderson, R.	Haukoos	Marsh	Pauly	Tjornhom
Bennett	Heap	McDonald	Pellow	Tompkins
Blatz	Henry	McGuire	Poppenhagen	Trimble
Boo	Himle	McPherson	Price	Uphus
Burger	Hugoson	Milbert	Pugh	Valento
Carlson, D.	Jennings	Miller	Redalen	Vellenga
Dawkins	Johnson, V.	Morrison	Richter	Waltman
Dempsey	Kelly	Neuenschwander	Runbeck	Weaver
Forsythe	Knickerbocker	Olson, K.	Schafer	Wynia
Frederick	Krueger	Omman	Schreiber	Spk. Vanasek
Frerichs	Limmer	Onnen	Seaberg	
Girard	Long	Orenstein	Sparby	

Those who voted in the negative were:

Battaglia	Dille	Kelso	Ogren	Rukavina
Bauerly	Dorn	Kinkel	Olsen, S.	Sarna
Beard	Greenfield	Kostohryz	Olsen, E.	Scheid
Begich	Hasskamp	Lasley	Osthoft	Segal
Bertram	Jacobs	Lieder	Ostrom	Skoglund
Brown	Janezich	McEachern	Otis	Solberg
Carlson, L.	Jaros	McLaughlin	Pelowski	Steensma
Carruthers	Jefferson	Munger	Peterson	Tunheim
Clark	Johnson, A.	Murphy	Reding	Wagenius
Conway	Johnson, R.	Nelson, C.	Rest	Welle
Cooper	Kahn	Nelson, K.	Rice	Wenzel
Dauner	Kalis	O'Connor	Rodosovich	Williams
				Winter

The motion prevailed and the amendment was adopted.

MOTION TO LAY ON THE TABLE

Olsen, S., moved to lay H. F. No. 1408, the second engrossment, as amended, on the table. The motion did not prevail.

Runbeck moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 12, line 24, after the period, insert "A member of the joint planning board established by section 2 is not eligible to serve as a member of the regional transit board."

The motion prevailed and the amendment was adopted.

Price moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 16, line 30, delete "not"

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

Kahn and Kelly moved to amend H. F. No. 1408, the second engrossment, as amended, as follows:

Page 4, line 26, delete everything after the period

Page 4, delete line 27

Page 4, line 28, delete everything before "Before" and insert "The transit board shall require that the first route constructed be a route with the greatest demonstrated potential ridership."

Page 9, line 23, delete everything after the period

Page 9, delete lines 24 and 25 and insert "The transit board shall require that the first route constructed be a route with the greatest demonstrated potential ridership."

A roll call was requested and properly seconded.

The question was taken on the Kahn and Kelly amendment and the roll was called. There were 23 yeas and 104 nays as follows:

Those who voted in the affirmative were:

Abrams	Hartle	Kelly	Pappas	Sparby
Blatz	Haukoos	Knickerbocker	Poppenhagen	Tjornhom
Dawkins	Heap	Limmer	Redalen	Waltman
Dempsey	Himle	Lynch	Schreiber	
Forsythe	Kahn	Orenstein	Solberg	

Those who voted in the negative were:

Anderson, G.	Beard	Bishop	Carlson, D.	Conway
Anderson, R.	Begich	Boo	Carlson, L.	Cooper
Battaglia	Bennett	Brown	Carruthers	Dauner
Bauerly	Bertram	Burger	Clark	Dille

Dorn	Kalis	Murphy	Peterson	Stanius
Frederick	Kelso	Nelson, C.	Price	Steensma
Frerichs	Kinkel	Nelson, K.	Pugh	Sviggum
Girard	Kostohryz	Neuenschwander	Reding	Tompkins
Greenfield	Krueger	O'Connor	Rest	Tunheim
Gruenes	Lasley	Olsen, S.	Rice	Uphus
Hasskamp	Lieder	Olson, E.	Richter	Valento
Henry	Macklin	Olson, K.	Rodosovich	Vellenga
Hugoson	Marsh	Omann	Rukavina	Wagenius
Jacobs	McDonald	Onnen	Runbeck	Weaver
Janezich	McEachern	Osthoff	Sarna	Welle
Jaros	McGuire	Ostrom	Schafer	Wenzel
Jefferson	McLaughlin	Otis	Scheid	Williams
Jennings	McPherson	Ozment	Seaberg	Winter
Johnson, A.	Milbert	Pauly	Segal	Wynia
Johnson, R.	Morrison	Pellow	Simoneau	Spk. Vanasek
Johnson, V.	Munger	Pelowski	Skoglund	

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

MOTION FOR RECONSIDERATION

Sparby moved that the vote whereby the Valento amendment to H. F. No. 1408, the second engrossment, as amended, which was adopted earlier today be now reconsidered.

A roll call was requested and properly seconded.

The question was taken on the Sparby motion and the roll was called. There were 60 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Battaglia	Dorn	Lieder	Otis	Simoneau
Bauerly	Greenfield	McEachern	Pelowski	Skoglund
Beard	Hasskamp	McLaughlin	Peterson	Solberg
Begich	Janezich	Milbert	Pugh	Sparby
Bertram	Jaros	Munger	Reding	Steensma
Brown	Jefferson	Murphy	Rest	Tunheim
Carlson, D.	Johnson, A.	Nelson, C.	Rice	Wagenius
Carlson, L.	Johnson, R.	Nelson, K.	Rodosovich	Welle
Carruthers	Kalis	Olsen, S.	Rukavina	Wenzel
Clark	Kelso	Olson, E.	Sarna	Williams
Conway	Kinkel	Osthoff	Scheid	Winter
Cooper	Lasley	Ostrom	Segal	Spk. Vanasek

Those who voted in the negative were:

Abrams	Dille	Hugoson	Lynch	Olson, K.
Anderson, G.	Forsythe	Jacobs	Macklin	Omann
Anderson, R.	Frederick	Jennings	Marsh	Onnen
Bennett	Frerichs	Johnson, V.	McDonald	Orenstein
Bishop	Girard	Kahn	McGuire	Ozment
Blatz	Gruenes	Kelly	McPherson	Pappas
Boo	Hartle	Knickerbocker	Miller	Pauly
Burger	Haukoos	Kostohryz	Morrison	Pellow
Dauner	Heap	Krueger	Neuenschwander	Poppenhagen
Dawkins	Henry	Limmer	O'Connor	Price
Dempsey	Himle	Long	Ogren	Redalen

Richter	Seaberg	Tompkins	Vellenga
Runbeck	Stanis	Trimble	Waltman
Schafer	Sviggum	Uphus	Weaver
Schreiber	Tjornhom	Valento	Wynia

The motion did not prevail.

H. F. No. 1408, A bill for an act relating to metropolitan transit; requiring joint planning for light rail transit; establishing a joint planning board; requiring approval of light rail transit plans by the regional transit board; specifying the composition of the regional transit board and the metropolitan transit commission; changing various provisions relating to metropolitan transit programs and authorities; amending Minnesota Statutes 1988, sections 398A.04, subdivision 9; 473.169, subdivisions 1, 3, 4, and 5; 473.17; 473.373, subdivisions 1a, 4, 5, and by adding a subdivision; 473.375, subdivisions 8 and 13; and 473.404, subdivisions 2, 3, and 5; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1988, sections 473.1691 and 473.398.

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

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

Those who voted in the affirmative were:

Abrams	Frederick	Kostohryz	Olson, K.	Scheid
Anderson, G.	Frerichs	Krueger	Omann	Schreiber
Anderson, R.	Girard	Lasley	Onnen	Seaberg
Battaglia	Greenfield	Lieder	Orenstein	Segal
Bauerly	Gruenes	Limmer	Osthoff	Simoneau
Beard	Hartle	Long	Ostrom	Skoglund
Begich	Hasskamp	Lynch	Otis	Solberg
Bennett	Haukoos	Macklin	Ozment	Sparby
Bertram	Heap	Marsh	Pappas	Stanis
Bishop	Henry	McDonald	Pauly	Steensma
Blatz	Himle	McEachern	Pellow	Sviggum
Boo	Hugoson	McGuire	Pelowski	Tjornhom
Brown	Jacobs	McLaughlin	Peterson	Tompkins
Burger	Janezich	McPherson	Poppenhagen	Trimble
Carlson, D.	Jaros	Milbert	Price	Tunheim
Carlson, L.	Jefferson	Miller	Pugh	Uphus
Carruthers	Jennings	Morrison	Redalen	Valento
Clark	Johnson, A.	Munger	Reding	Vellenga
Conway	Johnson, R.	Murphy	Rest	Wagenius
Cooper	Johnson, V.	Nelson, C.	Rice	Waltman
Dauner	Kahn	Nelson, K.	Richter	Weaver
Dawkins	Kalis	Neuenschwander	Rodosovich	Welle
Dempsey	Kelly	O'Connor	Rukavina	Wenzel
Dille	Kelso	Ogren	Runbeck	Williams
Dorn	Kinkel	Olsen, S.	Sarna	Winter
Forsythe	Knickerbocker	Olson, E.	Schafer	Wynia
				Spk. Vanasek

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

Wynia moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Wynia moved that the bills on General Orders for today be continued. The motion prevailed.

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

REPORTS OF STANDING COMMITTEES

Jacobs from the Committee on Regulated Industries to which was referred:

H. F. No. 1532, A bill for an act relating to utilities; low-income energy needs; designating the department of public service as the agency responsible for coordinating energy policy for low-income Minnesotans; requiring the department to gather certain information on low-income energy programs; prescribing certain uses for oil overcharge money; appropriating money; amending Minnesota Statutes 1988, sections 216B.241, subdivisions 1 and 2; 216C.02, subdivision 1; 216C.10; 216C.11; 216C.27, by adding a subdivision; and 504.185, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 216B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [216B.095] [DISCONNECTION DURING COLD WEATHER.]

The commission shall amend its rules governing disconnection of residential utility customers who are unable to pay for utility service during cold weather to include the following:

(1) coverage of customers whose household income is less than 185 percent of the federal poverty level;

(2) a requirement that a customer who pays the utility at least ten percent of the customer's income or the full amount of the utility bill, whichever is less, in a cold weather month cannot be disconnected during that month;

(3) that the ten percent figure in clause (2) must be prorated between energy providers where the customer receives service from more than one provider;

(4) that a customer's household income does not include any amount received for energy assistance;

(5) verification of income by the local energy assistance provider, unless the customer is automatically eligible as a recipient of any form of public assistance, including energy assistance, that uses income eligibility in an amount at or below the income eligibility in clause (1); and

(6) a requirement that the customer receive, from the local energy assistance provider or other entity, budget counseling and referral to weatherization, conservation, or other programs likely to reduce the customer's consumption of energy.

Sec. 2. Minnesota Statutes 1988, section 216B.241, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision shall have the meanings given them:

(a) "Commission" means the public utilities commission, department of public service;

(b) "Department" means the department of public service;

(c) "Energy conservation improvement" means the purchase or installation of any device, method or material that increases the efficiency in the use of electricity or natural gas including, but not limited to:

(1) insulation and ventilation;

(2) storm or thermal doors or windows;

(3) caulking and weatherstripping;

(4) furnace efficiency modifications;

(5) thermostat or lighting controls;

(6) awnings; or

(7) systems to turn off or vary the delivery of energy. The term "energy conservation improvement" includes any device or method

which creates, converts or actively uses energy from renewable sources such as solar, wind and biomass providing such device or method conforms with national or state performance and quality standards whenever applicable.

(e) (d) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement including, but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no interest or below market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(d) (e) "Public utility" has the same meaning as given that term in section 216B.02, subdivision 4. For the purposes of this section, "public utility" shall not include cooperative electric associations that become subject to rate regulation after April 16, 1980.

Sec. 3. Minnesota Statutes 1988, section 216B.241, subdivision 2, is amended to read:

Subd. 2. [PROGRAMS.] ~~The commission~~ department may ~~order by rule require~~ public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements ~~shall must~~ be offered to the customers. ~~The required programs must cover a two-year period. The commission department shall order require~~ at least one public utility to establish a pilot program to make investments in and expenditures for energy from renewable resources such as solar, wind, or biomass. ~~The commission department shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The order rules of the commission shall department must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, or material constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable. The commission department may order require~~ a utility to make an energy conservation improvement investment or expenditure whenever the ~~commission department~~ finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of

energy. The ~~commission~~ department shall nevertheless insure that every public utility with operating revenues in excess of \$50,000,000 operate one or more programs, under periodic review by the ~~commission department~~, which that make significant investments in and expenditures for energy conservation improvements. The department shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision or a nonprofit or community organization. The ~~commission~~ department shall give special consideration to ensure that at least half the money spent on residential programs is devoted to programs that directly address the needs of renters and low income families and individuals. Provisions of the previous sentences shall expire on January 1, 1993. For purposes of this section, "low income" means an income less than 185 percent of the federal poverty level. Investments and expenditures made pursuant to an order shall under this subdivision must be treated for ratemaking purposes in the manner prescribed in section 216B.16, subdivision 6b. No utility shall make an energy conservation improvement pursuant to this section to a building envelope unless it is the primary supplier of energy used for either space heating or cooling in the building. A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, or the attorney general acting on behalf of consumers and small business interests, may petition the commission to modify or revoke a department decision to require a program under this subdivision, and the commission may do so if it determines that the program is ineffective, does not adequately address the needs of renters and low-income families and individuals, or is otherwise not in the public interest. The person petitioning for commission review has the burden of proof. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

The commission shall allow a utility to recover expenses resulting from a conservation improvement program required by the department.

Sec. 4. Minnesota Statutes 1988, section 216C.02, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] (a) The commissioner may:

(1) apply for, receive, and spend money received from federal, municipal, county, regional, and other government agencies and private sources;

(2) apply for, accept, and disburse grants and other aids from public and private sources;

(3) contract for professional services if work or services required or authorized to be carried out by the commissioner cannot be satis-

factorily performed by employees of the department or by another state agency;

(4) enter into interstate compacts to carry out research and planning jointly with other states or the federal government when appropriate;

(5) upon reasonable request, distribute informational material at no cost to the public; and

(6) enter into contracts for the performance of the commissioner's duties with federal, state, regional, metropolitan, local, and other agencies or units of government and educational institutions, including the University of Minnesota, without regard to the competitive bidding requirements of chapters 16A and 16B.

(b) The commissioner shall collect information on conservation and other energy-related programs carried on by other agencies, by public utilities, by cooperative electric associations, by municipal power agencies, by other fuel suppliers, by political subdivisions, and by private organizations. Other agencies and political subdivisions shall cooperate with the commissioner by providing information requested by the commissioner. The commissioner may by rule require the submission of information by other program operators. The commissioner shall make the information available to other agencies and to the public and, as necessary, shall recommend to the legislature changes in the laws governing conservation and other energy-related programs to ensure that:

(1) expenditures on the programs are adequate to meet identified needs;

(2) the needs of low-income energy users are being adequately addressed;

(3) duplication of effort is avoided or eliminated;

(4) a program that is ineffective is improved or eliminated; and

(5) voluntary efforts are encouraged through incentives for their operators. The commissioner shall appoint an advisory task force to help evaluate the information collected and formulate recommendations to the legislature. The task force must include low-income energy users as defined in section 216B.241, subdivision 2.

(c) By January 15 of each year, the commissioner shall report to the legislature on the projected amount of federal money likely to be available to the state during the next fiscal year, including grant money and money received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regu-

lations. The report must also estimate the amount of money projected as needed during the next fiscal year to finance a level of conservation and other energy-related programs adequate to meet projected needs, particularly the needs of low-income persons and households, and must recommend the amount of state appropriations needed to cover the difference between the projected availability of federal money and the projected needs.

Sec. 5. Minnesota Statutes 1988, section 216C.10, is amended to read:

216C.10 [POWERS.]

The commissioner may:

(a) (1) adopt rules pursuant to under chapter 14 as necessary to carry out the purposes of sections 216C.05 to 216C.30 and, when necessary for the purposes of section 216C.15, adopt emergency rules pursuant to under sections 14.29 to 14.36;

(b) (2) make all contracts pursuant to under sections 216C.05 to 216C.30 and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended for the administration of sections 216C.05 to 216C.30. Notwithstanding any other law the commissioner is designated the state agent to apply for, receive and accept federal or other funds made available to the state for the purposes of sections 216C.05 to 216C.30;

(c) (3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(d) (4) administer for the state, energy programs pursuant to under federal law, regulations, or guidelines, except for the crisis fuel low-income home energy assistance program and low income low-income weatherization programs administered by the department of jobs and training, and coordinate the programs and activities with other state agencies, units of local government, and educational institutions;

(e) design and administer a statewide program for the energy and economic development authority and actively involve major organizations and community leaders in its work and shall solicit funds from all sources;

(f) (5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

~~(g)~~ (6) perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;

~~(h)~~ (7) assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;

~~(i)~~ (8) manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner;

~~(j)~~ (9) intervene in certificate of need proceedings before the public utilities commission; and

~~(k)~~ (10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations, which fees ~~shall~~ must be used to pay the department's costs in administering those financial aids.

Notwithstanding any other law, the commissioner is designated the state agent to apply for, receive, and accept federal or other funds made available to the state for the purposes of sections 216C.05 to 216C.30.

Sec. 6. Minnesota Statutes 1988, section 216C.11, is amended to read:

216C.11 [ENERGY CONSERVATION INFORMATION CENTER.]

The commissioner shall establish an energy information center in the department's offices in St. Paul. The information center shall maintain a toll-free telephone information service and disseminate printed materials on energy conservation topics, including but not limited to, availability of loans and other public and private financing methods for energy conservation physical improvements, the techniques and materials used to conserve energy in buildings, including retrofitting or upgrading insulation and installing weatherstripping, the projected prices and availability of different sources of energy, and alternative sources of energy.

The energy information center shall serve as the official Minnesota alcohol fuels information center and shall disseminate information, printed, by the toll-free telephone information service, or otherwise on the applicability and technology of alcohol fuels.

The information center shall include information on the potential hazards of energy conservation techniques and improvements in the printed materials disseminated. The commissioner shall not be

liable for damages arising from the installation or operation of equipment or materials recommended by the information center.

The information center shall use the information collected under section 216C.02, subdivision 1, to maintain a central source of information on conservation and other energy-related programs, including both programs required by law or rule and programs developed and carried on voluntarily. In particular, the information center shall compile and maintain information on policies covering disconnections or denials of fuel during cold weather adopted by public utilities and other fuel suppliers not governed by Minnesota Rules, parts 7820.1500 to 7820.2300, including the number of households disconnected or denied fuel and the duration of the disconnections or denials.

Sec. 7. [OIL OVERCHARGE MONEY.]

Money received by the state after the effective date of this section as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F. Supp. 586 (D. Kan. 1983), and other money received after the effective date of this section as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations that is not otherwise dedicated by court order, as well as money previously received but not yet allocated by the effective date of this section, must be allocated one-half to energy conservation projects operated by the department of jobs and training that directly serve low-income Minnesotans for weatherization.

Sec. 8. [STUDY, CONSERVATION IMPROVEMENT PROGRAMS; GRANTS.]

The department of public service shall study the feasibility of requiring heating fuel suppliers, including fuel oil distributors and retailers and propane dealers, to undertake conservation improvement programs. In addition, the department shall study the feasibility of basing grants to low-income energy users on their total energy costs. The department shall report its findings and recommendations to the legislature by January 15, 1990.

Sec. 9. [CONSERVATION IMPROVEMENT PROGRAMS.]

Notwithstanding section 3, the department of public service may permit utilities governed by that section to carry on programs currently approved by the public utilities commission and the commission may continue to approve programs until the department has adopted rules and approved new programs to cover a two-year program beginning in 1990.

Sec. 10. [APPROPRIATION.]

\$ is appropriated from the general fund to the commissioner of jobs and training to be available until June 30, 1991. \$ is to be used for purposes of the low-income weatherization assistance program, and \$ is to be used for purposes of the energy assistance program.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective July 1, 1989."

Delete the title and insert:

"A bill for an act relating to utilities; low-income energy needs; designating the department of public service as the agency responsible for coordinating energy policy for low-income Minnesotans; requiring the department to gather certain information on low-income energy programs; prescribing certain uses for oil overcharge money; appropriating money; amending Minnesota Statutes 1988, sections 216B.241, subdivisions 1 and 2; 216C.02, subdivision 1; 216C.10; and 216C.11; proposing coding for new law in Minnesota Statutes, chapter 216B."

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

The report was adopted.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Long, Vanasek, Wynia, Rest and Welle introduced:

H. F. No. 1734, A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; creating tax exemptions; changing the computation, administration, and payment of aids, credits, and refunds; providing new aids and credits; making technical corrections and clarifications; changing proposed property tax notice provisions; changing levy limits and other local government powers and duties; providing for subordinate service districts; providing for accreditation of assessors; changing tax increment financing provisions; providing for payment of deferred taxes on sale of railroad operating property; authorizing the city of Mankato to establish a special service

district; authorizing establishment of an economic development authority in Kandiyohi county; exempting Itasca county from a levy limit penalty; amending Minnesota Statutes 1988, sections 60A.15, subdivision 1; 124.2131, subdivision 1; 256.018; 256.82, subdivision 1; 256.871, subdivision 6; 256B.041, subdivision 5; 270.052; 270.067, subdivisions 1 and 2; 270.071, subdivision 6; 270.072, subdivisions 2 and 3; 270.075, subdivision 2; 270.11, subdivision 2; 270.12, subdivisions 2 and 3, and by adding a subdivision; 270.13; 270.18; 270.485; 270.80, subdivision 1; 270.82; 270.84; 270.85; 270.87; 272.01, subdivision 2; 272.02, subdivisions 2 and 4; 272.115, subdivision 1; 272.20; 273.01; 273.02, subdivision 2; 273.061, subdivisions 1 and 2; 273.062; 273.064; 273.065; 273.11, subdivision 10, and by adding a subdivision; 273.119, subdivision 2; 273.123, subdivisions 4 and 5; 273.124, subdivisions 6, 9, 12, 13, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, and 25; 273.135, subdivision 2a; 273.1391, subdivisions 2 and 2a; 273.1392; 273.1393; 273.1398, subdivisions 1, 2, 3, 4, and by adding a subdivision; 273.33, subdivision 2; 273.37, subdivision 2; 274.14; 275.065, subdivisions 1, 2, 3, and 6; 275.07, subdivision 1, and by adding a subdivision; 275.08, subdivisions 2 and 3; 275.124; 275.28, subdivision 1; 275.29; 275.50, subdivision 5; 275.51, subdivisions 3f, 3g, 3h, 3i, 3j, 4, 6, and by adding a subdivision; 275.58, subdivisions 1, 2, and 3; 276.01; 276.04, subdivisions 2 and 3; 276.09; 276.10; 276.11, subdivision 1; 277.01, subdivision 1; 277.02; 277.05; 277.06; 277.13; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivisions 1 and 3; 279.37, subdivision 1; 290.015, subdivisions 3 and 4; 290.02; 290.05, subdivision 3; 290.06, subdivisions 1 and 21; 290.191, subdivision 6; 290.37, subdivision 1; 290.92, subdivision 4b, as added; 290.934, subdivision 3a; 290A.03, subdivision 12; 290A.04, subdivisions 2, 2h, and by adding a subdivision; 295.34, subdivision 1; 297.01, subdivision 13, and by adding a subdivision; 297.03, subdivision 6; 297.04, subdivisions 4, 5, and 6; 297.041, subdivision 1; 297.08, subdivision 1; 297.31, by adding a subdivision; 297.33, subdivisions 4, 5, 6, 7, and 8; 297A.15, by adding a subdivision; 297A.25, subdivision 3, and by adding subdivisions; 297B.03; 297C.03, subdivision 1; 298.01, by adding subdivisions; 349.12, subdivisions 11, 13, and by adding a subdivision; 349.15; 349.212, by adding a subdivision; 373.40, subdivisions 1, 2, 4, and 6; 375.192, subdivision 2; 429.061, subdivision 3; 459.14, by adding a subdivision; 469.012, by adding a subdivision; 469.040, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 10, and by adding a subdivision; 469.175, subdivisions 3, 7, and by adding a subdivision; 469.176, subdivisions 1, 4c, 6, and by adding a subdivision; 469.177, subdivisions 6 and 10; 473.167, subdivisions 3 and 5; 473.249, subdivision 1; 473F.05; 473F.06; 473F.07, subdivisions 1, 2, and 5; 473F.08, subdivisions 3 and 5; 473F.09; 473H.10, subdivision 3; 477A.011, subdivisions 3, 3a, and 15; and 477A.013, subdivisions 1, 3, 4, and by adding a subdivision; Laws 1988, chapter 719, articles 7, section 9; 8, section 37; and 12, sections 29 and 30, as amended; proposing coding for new law in Minnesota Statutes, chapters 270; 273; 274; 275; 276; 290; 297A; and 469; proposing coding for new law as Minnesota Statutes, chapter 365B; repealing Minnesota Statutes,

sections 270.81, subdivision 5; 271.061; 276.13; 276.14; 275.57; 275.58, subdivision 4; 290.092, subdivision 5; 297.01, subdivision 15; 297.03, subdivision 12; 297.04, subdivision 10; 297.33, subdivision 13; 297C.03, subdivisions 4 and 4a; and 473.249, subdivision 3; Laws 1988, chapter 719, articles 5, section 86, and 8, section 35.

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

MOTIONS AND RESOLUTIONS

Beard moved that the name of Omann be added as an author on H. F. No. 745. The motion prevailed.

Beard moved that the name of Wenzel be added as an author on H. F. No. 1415. The motion prevailed.

Carruthers moved that H. F. No. 1697 be recalled from the Committee on Transportation and be re-referred to the Committee on Commerce. The motion prevailed.

Dempsey moved that H. F. No. 1686 be returned to its author. The motion prevailed.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 12:00 noon, Wednesday, April 26, 1989. The motion prevailed.

Wynia moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Wednesday, April 26, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

