

STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1989

FIFTY-FIRST DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 12, 1989

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

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

The roll was called and the following members were present:

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

A quorum was present.

Johnson, R.; Neuenschwander; Ogren; Olsen, S.; Rukavina and Sarna were excused.

Pauly was excused until 12:40 p.m.

The Chief Clerk proceeded to read the Journal of the preceding

day. Hasskamp moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1410, 1448 and 257 and S. F. No. 783 have been placed in the members' files.

S. F. No. 1252 and H. F. No. 1410, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Battaglia moved that the rules be so far suspended that S. F. No. 1252 be substituted for H. F. No. 1410 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

May 3, 1989

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

Dear Sir:

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

H. F. No. 501, relating to education; vocational technical; allowing purchase of real property by independent school district No. 347.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1989 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1989</i>	<i>Date Filed 1989</i>
1270		65	15:09-May 3	May 3
	501	66	15:10-May 3	May 3
123		67	15:12-May 3	May 3
671		68	15:07-May 3	May 3
701		69	15:13-May 3	May 3

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

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

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Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

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1488		70	17:00-May 3	May 4

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

May 8, 1989

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

Dear Sir:

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

H. F. No. 85, relating to public safety; regulating boiler operation and inspections.

H. F. No. 212, relating to the city of Hibbing; authorizing two additional on-sale liquor licenses.

H. F. No. 1172, relating to state lands; authorizing private sale of certain tax-forfeited land in Carlton county.

H. F. No. 1056, relating to utilities; regulating noncompetitive and competitive telephone services.

H. F. No. 895, relating to state lands; authorizing the commissioner of transportation to convey certain surplus property to Stevens county for other than public purposes; authorizing the county to sell the property for other than public purposes through a public sale.

H. F. No. 483, relating to crime; including controlled substance offenses in the evidentiary provision of the disorderly house crime.

H. F. No. 1438, memorializing the Board of Governors of the Federal Reserve Board to reject amendments to its rules that would govern permissible activities of state-chartered banks.

Sincerely,

RUDY PERPICH
Governor

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

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Speaker of the House of Representatives

The Honorable Jerome M. Hughes
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	85	71	14:23-May 8	May 8
	212	72	14:25-May 8	May 8
	1172	73	14:26-May 8	May 8
	1056	74	14:28-May 8	May 8
	895	75	14:29-May 8	May 8
	483	77	14:30-May 8	May 8
	1438	Resolution No. 4		May 8

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

May 8, 1989

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

Dear Sir:

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

H. F. No. 819, relating to Hennepin county; providing for the number of commissioners of the county housing and redevelopment authority.

H. F. No. 1351, relating to local government; permitting the Dakota and Washington county housing and redevelopment authorities to waive performance bonds for single family housing construction.

Sincerely,

RUDY PERPICH
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

May 9, 1989

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

Dear Sir:

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

H. F. No. 100, relating to state government; regulating part-time employees and employment policies.

H. F. No. 595, relating to housing; providing for relocating residential buildings.

H. F. No. 426, relating to the city of Mankato; authorizing location of certain polling places more than 3,000 feet outside precinct boundaries.

H. F. No. 529, relating to local government; permitting counties, cities, and towns to contribute to certain hospitals.

H. F. No. 22, relating to crimes; prohibiting unauthorized access to computers; imposing penalties.

H. F. No. 1311, relating to public employees; providing a policy prohibiting harassment based on race or disability; requiring discipline for employees who engage in harassment.

Sincerely,

RUDY PERPICH
Governor

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

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

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	819	78	18:35-May 8	May 9
	1351	79	18:37-May 8	May 9
	100	81	10:32-May 9	May 9
	595	82	10:33-May 9	May 9
435		84	11:27-May 9	May 9
618		85	11:30-May 9	May 9
134		86	11:32-May 9	May 9
1106		88	11:42-May 9	May 9
787		89	11:50-May 9	May 9
	426	91	11:55-May 9	May 9
	529	92	12:14-May 9	May 9
227		93	12:15-May 9	May 9
	22	95	12:16-May 9	May 9
	1311	96	12:17-May 9	May 9

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

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

H. F. No. 121, A bill for an act relating to veterans; requiring the commissioner of veterans affairs to provide certain grave markers; appropriating money; amending Minnesota Statutes 1988, section 197.23.

Reported the same back with the following amendments:

Page 1, line 10, strike "Subdivision 1. [AUTHORIZATION.]"

Page 1, lines 18 to 21, strike the old language

Page 2, line 4, delete "\$" and insert "\$60,000"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 235, A bill for an act relating to human services; authorizing counties to establish multidisciplinary chemical abuse prevention teams; authorizing the state planning agency to fund these teams in several counties on a demonstration basis; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 254A.

Reported the same back with the following amendments:

Page 3, line 30, delete "\$" and insert "\$59,000"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 354, A bill for an act relating to elections; providing for handicap access to precinct caucuses and party conventions; providing for interpreters at precinct caucuses and party conventions; making convention and caucus materials available to the visually impaired; appropriating money; amending Minnesota Statutes 1988, sections 202A.13; and 202A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 202A.

Reported the same back with the following amendments:

Page 2, line 6, delete everything after "shall" and insert "assume responsibility for costs of the services."

Page 2, delete lines 7 to 9

Page 3, line 35, delete everything after "shall" and insert "assume responsibility for the costs of the services."

Page 3, delete line 36

Page 4, delete line 1

Page 4, delete lines 27 to 30 and insert:

"\$100,000 for fiscal year 1990 and \$100,000 for fiscal year 1991 is appropriated to the commissioner of the department of veterans affairs to contract for a healthsports demonstration project for the rehabilitation of disabled veterans."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 391, A bill for an act relating to peace officers; providing eligibility for death benefits for certain fire and rescue unit members and other first responders; amending Minnesota Statutes 1988, section 176B.01, subdivision 2.

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

The report was adopted.

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

H. F. No. 408, A bill for an act relating to transportation; specifying that state airports fund money may be used as state's match of costs of the federal essential air services program; establishing registration classification for recreational aircraft; amending Minnesota Statutes 1988, sections 360.305, subdivision 2; and 360.55, by adding a subdivision.

Reported the same back with the following amendments:

Page 2, line 2, after the period insert "No payment may be made under this subdivision to pay for essential air service under the federal Essential Air Service Program unless the state payment is matched equally by funds from one or more political subdivisions or from another local source."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 618, A bill for an act relating to corrections; requiring the commissioner of corrections to make high school diploma equivalency programs available to inmates; providing a reduction in an inmate's supervised release term if the inmate completes such a

program; amending Minnesota Statutes 1988, sections 244.03; and 244.05, subdivision 1, and by adding a subdivision.

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

The report was adopted.

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

H. F. No. 633, A bill for an act relating to motor vehicles; increasing and allocating fees and motor vehicle excise tax for dealer plates and in transit plates; restricting use of dealer plates; amending Minnesota Statutes 1988, sections 168.053, subdivision 1; and 168.27, subdivisions 16, 17, and 22.

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

The report was adopted.

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

H. F. No. 927, A bill for an act relating to traffic regulations; defining terms; subjecting driver of commercial motor vehicle to stricter federal standard on alcohol-related driving; providing for and regulating category of commercial driver's license and commercial motor vehicle drivers; authorizing Minnesota to join driver license compact; allowing exchange of driver license information with other states; promoting consolidated, complete driver record; imposing penalties; appropriating money; amending Minnesota Statutes 1988, sections 168.011, subdivision 9; 169.01, subdivision 50, and by adding a subdivision; 169.123, subdivisions 1, 2, 4, 5, 5a, 5b, 5c, and 6; 171.01, subdivision 19, and by adding subdivisions; 171.02, subdivision 2; 171.03; 171.04; 171.06, subdivisions 2 and 3; 171.07, by adding a subdivision; 171.10, subdivision 2; 171.12, subdivision 2; 171.13, subdivision 5; 171.14; 171.16, subdivision 1; 171.18; 171.19; 171.20; 171.22, subdivision 1; 171.24; and 171.30, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 169 and 171.

Reported the same back with the following amendments:

Page 9, line 24, before the period insert “, unless the person is entitled to review under section 29”

Page 10, line 9, before the period insert “, unless the person is entitled to review under section 29”

Page 21, lines 6 and 28, before “The” insert “Subject to section 29,”

Page 22, line 10, before the comma insert “and subject to section 29”

Page 22, after line 28, insert:

“Sec. 29. [171.166] [REVIEW OF DISQUALIFICATION.]

Subdivision 1. [REVIEW OF CONVICTIONS.] The commissioner shall review court records of convictions subject to section 28, other than a violation of section 169.121, section 4, or section 169.123, subdivision 3, if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual.

Subd. 2. [NOTIFICATION TO THE SUBJECT OF A COMMERCIAL DRIVER'S LICENSE.] The commissioner shall notify the applicant or license holder and the individual who is the subject of a review, in writing, of the results of the review. The commissioner shall notify the individual reviewed if the information contained in the review could cause license disqualification.

Subd. 3. [RECONSIDERATION OF LICENSE DISQUALIFICATION.] (a) Within 30 days after receiving notice of possible disqualification under subdivision 2, the individual who is the subject of the review may request reconsideration of the notice of possible disqualification. The individual must submit the request for reconsideration to the commissioner in writing. The individual must present information to show that the information the commissioner relied upon is incorrect or not applicable for disqualification of the individual being reviewed.

(b) The commissioner may set aside the disqualification if the commissioner finds that the information the commissioner relied upon is incorrect or not applicable for disqualification of the individual being reviewed.

(c) The commissioner shall notify the applicant or license holder in writing of the reconsideration decision within 15 working days after receiving the request for reconsideration. The disqualification shall take effect 20 days after receiving the reconsideration decision, unless the person requests a contested case hearing under subdivision 4.

Subd. 4. [CONTESTED CASE.] Within 20 days after receiving the reconsideration decision under subdivision 3, clause (c), a person may request a contested case hearing under chapter 14. A contested

case hearing must be held within 20 days of the commissioner's receipt of the contested case hearing request, and the administrative law judge's report must be issued within 20 days from the close of the hearing record. The commissioner must issue a final decision within 30 days from receipt of the report of the administrative law judge and subsequent exceptions and arguments under section 14.61. The disqualification shall take effect upon receipt of the commissioner's final decision."

Page 24, delete section 30

Page 34, delete lines 23 to 26, and insert:

"\$252,000 is appropriated for fiscal year 1990 and \$228,000 is appropriated for fiscal year 1991 from the trunk highway fund to the commissioner of public safety for record keeping, implementation, and administration of sections 1 to 42."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 19, delete "171.19;"

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. 1764, A bill for an act relating to transportation; changing distribution of highway user taxes; authorizing use of state park road account to improve and maintain town roads that provide immediate access to state parks and campgrounds; increasing motor vehicle license tax on older vehicles; increasing dealer's motor vehicle tax; eliminating use of dealer plates by other family members; providing for annual adjustment of gasoline tax rate; reducing shrinkage allowance; transferring an additional ten percent of motor vehicle excise tax receipts for highways and transit; authorizing sale of state transportation bonds; appropriating money; amending Minnesota Statutes 1988, sections 161.081; 161.082, subdivision 2a; 162.06, subdivision 5; 168.013, subdivision 1a; 168.27, subdivision 16; 296.02, subdivision 1b, and by adding a subdivision; 296.14, subdivision 1; and 297B.09, subdivision 1; Laws 1979, chapter 280, sections 1 and 2, as amended.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1988, section 161.081, is amended to read:

161.081 [HIGHWAY USER TAX, DISTRIBUTION OF PORTION OF PROCEEDS.]

Pursuant to article 14, section 5, of the constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned as follows:

(1) ~~51~~ 28 percent to the trunk highway fund;

(2) ~~41~~ 64 percent to a separate account in the county state-aid highway fund to be known as the county turnback account, which account in the state treasury is hereby created;

(3) 8 percent to a separate account in the municipal state-aid street fund to be known as the municipal turnback account, which account in the state treasury is hereby created.

Sec. 2. Minnesota Statutes 1988, section 161.082, subdivision 2a, is amended to read:

Subd. 2a. An amount equal to ~~20~~ 25 percent of the county turnback account must be expended, within counties having two or more towns, on town road bridge structures that are 10 feet or more in length and on town road culverts that replace existing town road bridges. In addition, if the present bridge structure is less than ten feet in length but a hydrological survey indicates that the replacement bridge structure or culvert must be ten feet or more in length, then the bridge or culvert is eligible for replacement funds. The expenditures on bridge structures and culverts may be on a matching basis, and if on a matching basis, not more than 90 percent of the cost of a bridge structure or culvert may be paid from the county turnback account.

An amount equal to ~~37~~ 47.5 percent of the county turnback account must be set aside as a town road account and distributed as provided in section 162.081.

Sec. 3. Minnesota Statutes 1988, section 162.06, subdivision 5, is amended to read:

Subd. 5. [STATE PARK ROAD ACCOUNT.] After deducting for administrative costs and for the disaster account and research account as heretofore provided from the remainder of the total sum provided for in subdivision 1, there shall be deducted a sum equal to the three-quarters of one percent of the remainder. The sum so

deducted shall be set aside in a separate account and shall be used for (1) the establishment, location, relocation, construction, reconstruction, and improvement of those roads included in the county state-aid highway system under Minnesota Statutes 1961, section 162.02, subdivision 6, which border and provide substantial access to an outdoor recreation unit as defined in section 86A.04 or which provide access to the headquarters of or the principal parking lot located within such a unit, and (2) the reconstruction, improvement, repair, and maintenance of county roads, city streets, and town roads that provide immediate access to public lakes, state parks, and state campgrounds. Roads described in clause (2) are not required to meet county state-aid highway standards. At the request of the commissioner of natural resources the counties wherein such roads are located shall do such work as requested in the same manner as on any county state-aid highway and shall be reimbursed for such construction, reconstruction, or improvements from the amount set aside by this subdivision. Before requesting a county to do work on a county state-aid highway as provided in this subdivision, the commissioner of natural resources must obtain approval for the project from the county state-aid screening board. The screening board, before giving its approval, must obtain a written comment on the project from the county engineer of the county requested to undertake the project. Before requesting a county to do work on a county road, city street, or a town road that provides immediate access to a public lake, a state park, or a state campground, the commissioner of natural resources shall obtain a written comment on the project from the county engineer of the county requested to undertake the project. Any sums paid to counties or cities in accordance with this subdivision shall reduce the money needs of said counties or cities in the amounts necessary to equalize their status with those counties or cities not receiving such payments. Any balance of the amount so set aside, at the end of each year shall be transferred to the county state-aid highway fund.

Sec. 4. Minnesota Statutes 1988, section 162.081, subdivision 1, is amended to read:

Subdivision 1. [ACCOUNT CREATED.] A town road account is created in the county state-aid highway fund, consisting of 37 percent of the amounts transferred from the county turnback account as provided in section 161.082.

Sec. 5. Minnesota Statutes 1988, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILES; AMBULANCES; HEARSEs.] (a) On passenger automobiles as defined in section 168.011, subdivision 7, ambulances, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 percent of the base value; except that on pickup trucks the tax shall be:

(a) for the 1982 registration year, \$10 plus an additional tax equal to .75 percent of base value;

(b) for the 1983 registration year and each succeeding year, \$10 plus an additional tax equal to 1.25 percent of base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge as reflected on the price listing affixed to the vehicle in conformity with United States Code, title 15, sections 1231 to 1233 (Public Law Number 85-506) or otherwise suggested by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(d) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(e) The base value for purposes of this section shall be the middle point between the extremes of its class.

(f) The registrar shall establish the base value, when new, of every passenger automobile, ambulance and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of Extra Session Laws 1971, chapter 31.

(g) Except as provided in paragraph (h), the annual additional tax

computed upon the base value as provided herein, during the first year and second years of vehicle life shall be computed upon 100 percent of the base value; for the second year third and fourth years, 90 percent of such value; for the third year fifth and sixth years, 75 percent of such value; for the fourth year seventh year, 60 percent of such value; for the fifth year, 45 percent of such value; for the sixth year, 35 percent of such value; for the seventh year, 30 percent of such value; for the eighth year, 20 percent of such value; for the ninth year, 15 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$13; provided that for registrations renewed on or after January 1, 1982, the annual additional tax for the 11th and each succeeding year of vehicle life shall be \$13, for registrations renewed on or after January 1, 1983, the annual additional tax shall be \$18, for registrations renewed on or after January 1, 1984, the annual additional tax shall be \$22, and for registrations renewed on or after January 1, 1985, the annual additional tax shall be \$25.

In no event shall the annual additional tax be less than \$13 for any registration renewed after January 1, 1982, nor less than \$18 for any registration renewed after January 1, 1983, \$22 for any registration renewed after January 1, 1984, and \$25 for any registration renewed after January 1, 1985.

(h) The annual additional tax under paragraph (g) on a motor vehicle on which the first annual tax was paid before the effective date of this section must not exceed the tax that was paid on that vehicle the year before.

Sec. 6. Minnesota Statutes 1988, section 297B.09, subdivision 1, is amended to read:

Subdivision 1. [GENERAL FUND SHARE.] (a) Money collected and received under this chapter must be deposited in the state treasury and credited to the general fund. The amounts collected and received shall be credited as provided in this subdivision, and transferred from the general fund on July 15 and January 15 of each fiscal year. The commissioner of finance must make each transfer based upon the actual receipts of the preceding six calendar months and include the interest earned during that six-month period. The commissioner of finance may establish a quarterly or other schedule providing for more frequent payments to the transit assistance fund if the commissioner determines it is necessary or desirable to provide for the cash flow needs of the recipients of money from the transit assistance fund.

(b) Thirty percent of the money collected and received under this chapter after June 30, 1988, and before July 1, ~~1991~~ 1989, must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment as follows: 75 percent must be credited to the highway user tax distribution fund for apportionment

in the same manner and for the same purposes as other money in that fund, and the remaining 25 percent of the money must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state and to the regional transit board.

(c) ~~Thirty~~ Thirty-five percent of the money collected and received under this chapter after June 30, ~~1991~~ 1989 and before July 1, 1990, must be deposited in the ~~trunk~~ highway user tax distribution fund and the transit assistance fund for apportionment as follows: 75 percent must be credited to the ~~trunk~~ highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund, and the remaining 25 percent must be credited to the transit assistance fund.

(d) Forty percent of the money collected and received under this chapter after June 30, 1990, must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment as follows: 75 percent must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund, and the remaining 25 percent must be credited to the transit assistance fund.

(e) The distributions under this subdivision to the highway user tax distribution fund until June 30, 1991, and to the trunk highway fund thereafter, must be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, The commissioner of finance, before making the transfers required on July 15 and January 15 of each year, shall estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1 for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period.

Sec. 7. [APPROPRIATIONS.]

Subdivision 1. [HIGHWAY DEVELOPMENT.] \$40,000,000 is ap-

appropriated from the funds indicated to the commissioner of transportation for highway development, to be available for the fiscal year ending June 30 in the years indicated, as follows:

	1990	1991
(a) <u>Trunk highways</u> <u>This appropriation is from the trunk highway fund.</u>	<u>\$5,700,000</u>	<u>\$18,400,000</u>
(b) <u>County state aids</u> <u>This appropriation is from the county state-aid highway fund and is available until spent.</u>	<u>\$2,950,000</u>	<u>\$ 9,400,000</u>
(c) <u>Municipal state aids</u> <u>This appropriation is from the municipal state-aid street fund and is available until spent.</u>	<u>\$ 850,000</u>	<u>\$ 2,700,000</u>

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 5 and 7 are effective July 1, 1989. Section 5 is effective November 15, 1989, for registration year 1990 and subsequent years."

Delete the title and insert:

"A bill for an act relating to transportation; changing distribution of highway user taxes; authorizing use of state park road account to improve and maintain city streets and town roads that provide immediate access to state parks and campgrounds; increasing motor vehicle license tax on older vehicles; appropriating money; amending Minnesota Statutes 1988, sections 161.081; 161.082, subdivision 2a; 162.06, subdivision 5; 162.081, subdivision 1; 168.013, subdivision 1a; and 297B.09, subdivision 1."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

S. F. No. 1011, A bill for an act relating to highways; redesignating the AMVETS memorial highway as the American Veterans Memorial Highway; amending Minnesota Statutes 1988, section 161.14, subdivision 23.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 121, 235, 354, 391, 408, 618, 633, 927 and 1764 were read for the second time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Kalis moved that the rule therein be suspended and an urgency be declared so that H. F. No. 1764 be given its third reading and be placed upon its final passage. The motion prevailed.

Kalis moved that the Rules of the House be so far suspended that H. F. No. 1764 be given its third reading and be placed upon its final passage. The motion prevailed.

Waltman moved to amend H. F. No. 1764, the first engrossment, as follows:

Page 2, line 34, after "lakes" insert ", rivers"

Page 3, line 14, after "lake," insert "a river,"

The motion prevailed and the amendment was adopted.

Valento moved to amend H. F. No. 1764, the first engrossment, as amended, as follows:

Page 5, line 7, after "(g)" delete the new language

Page 5, lines 8 to 35, delete the new language and reinstate the stricken language

Pages 7 and 8, delete section 7

Page 8, line 18, delete "8" and insert "7"

Page 8, line 19, delete "5 and 7" and insert "6" and delete everything after the period

Page 8, delete lines 20 and 21

Amend the title as follows:

Page 1, line 6, delete everything after the semicolon

Page 1, line 7, delete "older vehicles" and insert "making technical corrections"

A roll call was requested and properly seconded.

The question was taken on the Valento amendment and the roll was called. There were 37 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abrams	Gutknecht	Limmer	Pugh	Tjornhom
Beard	Haukoos	Lynch	Richter	Tompkins
Bennett	Heap	Macklin	Runbeck	Valento
Blatz	Henry	McPherson	Schafer	Waltman
Boo	Himle	Miller	Schreiber	Weaver
Dempsey	Kelly	Osthoff	Stanisus	
Forsythe	Kelso	Pellow	Sviggum	
Frerichs	Knickerbocker	Poppenhagen	Swenson	

Those who voted in the negative were:

Anderson, G.	Girard	Krueger	Onnen	Segal
Anderson, R.	Greenfield	Lasley	Orenstein	Simoneau
Battaglia	Gruenes	Lieder	Ostrom	Skoglund
Bauerly	Hartle	Long	Otis	Solberg
Begich	Hasskamp	Marsh	Ozment	Sparby
Bertram	Hugoson	McEachern	Pappas	Steensma
Carlson, D.	Jacobs	McGuire	Pauly	Trimble
Carlson, L.	Janezich	McLaughlin	Pelowski	Tunheim
Carruthers	Jaros	Morrison	Peterson	Uphus
Clark	Jefferson	Munger	Price	Vellenga
Conway	Jennings	Murphy	Quinn	Wagenius
Cooper	Johnson, A.	Nelson, C.	Redalen	Welle
Dauner	Johnson, V.	Nelson, K.	Reding	Wenzel
Dawkins	Kahn	O'Connor	Rest	Williams
Dille	Kalis	Olson, E.	Rice	Winter
Dorn	Kinkel	Olson, K.	Rodosovich	Wynia
Frederick	Kostohryz	Omann	Seaberg	Spk. Vanasek

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

Girard, Hugoson and Sviggum moved to amend H: F. No. 1764, the first engrossment, as amended, as follows:

Pages 3 to 5, delete section 5

Page 6, line 27, delete "Thirty-five" and insert "Forty-five"

Page 6, line 36, delete "Forty" and insert "Fifty"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Girard et al amendment and the roll was called. There were 44 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abrams	Hasskamp	Lynch	Ozment	Stanisus
Bennett	Haukoos	Macklin	Pauly	Svigum
Blatz	Heap	McDonald	Pellow	Swenson
Boo	Henry	McPherson	Poppenhagen	Tjornhom
Dempsey	Himle	Miller	Richter	Tompkins
Forsythe	Hugoson	Morrison	Runbeck	Valento
Frerichs	Johnson, V.	Olson, K.	Schafer	Waltman
Girard	Knickerbocker	Omann	Schreiber	Weaver
Gutknecht	Limmer	Onnen	Seaberg	

Those who voted in the negative were:

Anderson, G.	Dille	Kinkel	Orenstein	Skoglund
Anderson, R.	Dorn	Kostohryz	Osthoff	Solberg
Battaglia	Frederick	Krueger	Ostrom	Sparby
Bauerly	Greenfield	Lasley	Otis	Steensma
Beard	Gruenes	Lieder	Pappas	Trimble
Begich	Hartle	Long	Pelowski	Tunheim
Bertram	Jacobs	Marsh	Peterson	Uphus
Brown	Janezich	McEachern	Price	Vellenga
Carlson, D.	Jaros	McGuire	Pugh	Wagenius
Carlson, L.	Jefferson	McLaughlin	Quinn	Welle
Carruthers	Jennings	Munger	Redalen	Wenzel
Clark	Johnson, A.	Murphy	Reding	Williams
Conway	Kahn	Nelson, C.	Rice	Winter
Cooper	Kalis	Nelson, K.	Rodosovich	Wynia
Dauner	Kelly	O'Connor	Segal	Spk. Vanasek
Dawkins	Kelso	Olson, E.	Simoneau	

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

Anderson, R., moved to amend H. F. No. 1764, the first engrossment, as amended, as follows:

Page 2, line 34, strike "immediate"

Page 3, line 14, strike "immediate"

The motion prevailed and the amendment was adopted.

Knickerbocker and Sviggum moved to amend H. F. No. 1764, the first engrossment, as amended, as follows:

Page 8, after line 17, insert:

"Sec. 8. [LIGHT RAIL TRANSIT FUNDS.]

No transit funds shall be used for purposes of light rail transit."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker and Sviggum amendment and the roll was called. There were 42 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Gruenes	Limmer	Onnen	Swenson
Bennett	Gutknecht	Long	Pauly	Tjornhom
Burger	Hartle	Lynch	Pellow	Tompkins
Dempsey	Hasskamp	Macklin	Poppenhagen	Valento
Dille	Haukoos	Marsh	Richter	Waltman
Forsythe	Heap	McDonald	Runbeck	Weaver
Frederick	Henry	McPherson	Schafer	
Frerichs	Hugoson	Miller	Schreiber	
Girard	Knickerbocker	Omann	Sviggum	

Those who voted in the negative were:

Anderson, G.	Dauner	Kinkel	Ostrom	Skoglund
Anderson, R.	Dawkins	Kostohryz	Otis	Solberg
Battaglia	Dorn	Krueger	Ozment	Sparby
Bauerly	Greenfield	Lasley	Pappas	Stanius
Beard	Himle	Lieder	Pelowski	Steensma
Begich	Jacobs	McEachern	Peterson	Trimble
Bertram	Janezich	McGuire	Price	Tunheim
Blatz	Jaros	McLaughlin	Pugh	Uphus
Boo	Jefferson	Milbert	Quinn	Vellenga
Brown	Jennings	Murphy	Reding	Wagenius
Carlson, D.	Johnson, A.	Nelson, C.	Rest	Welle
Carlson, L.	Johnson, V.	Nelson, K.	Rice	Wenzel
Carruthers	Kahn	O'Connor	Rodosovich	Williams
Clark	Kalis	Olson, E.	Seaberg	Winter
Conway	Kelly	Orenstein	Segal	Wynia
Cooper	Kelso	Osthoff	Simoneau	Spk. Vanasek

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

Onnen and Jacobs moved to amend H. F. No. 1764, the first engrossment, as amended, as follows:

Pages 3 to 5 delete section 5 and insert:

"Sec. 5. Minnesota Statutes 1988, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILES; AMBULANCES; HEARSEs.] On passenger automobiles as defined in section 168.011, subdivision 7, ambulances, and hearses, except as otherwise provided, the tax shall be \$10 \$22 on vehicles in the first seven years of vehicle life and \$17 on vehicles in the eighth and each succeeding year of vehicle life, plus an additional tax equal to 1.25 percent of the base value, except that on pickup trucks the tax shall be:

(a) for the 1982 registration year, \$10 plus an additional tax equal to .75 percent of base value;

(b) for the 1983 registration year and each succeeding year, \$10 plus an additional tax equal to 1.25 percent of base value.

Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge as reflected on the price listing affixed to the vehicle in conformity with United States Code, title 15, sections 1231 to 1233 (Public Law Number 85-506) or otherwise suggested by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

The base value for purposes of this section shall be the middle point between the extremes of its class.

The registrar shall establish the base value, when new, of every

passenger automobile, ambulance and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of Extra Session Laws 1971, chapter 31.

The annual additional tax computed upon the base value as provided herein, during the first year of vehicle life shall be computed upon 100 percent of the base value; for the second year, 90 percent of such value; for the third year, 75 percent of such value; for the fourth year, 60 percent of such value; for the fifth year, 45 percent of such value; for the sixth year, 35 percent of such value; for the seventh year, 30 percent of such value; for the eighth year, 20 percent of such value; for the ninth year, 15 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$13; provided that for registrations renewed on or after January 1, 1982, the annual additional tax for the 11th and each succeeding year of vehicle life shall be \$13, for registrations renewed on or after January 1, 1983, the annual additional tax shall be \$18, for registrations renewed on or after January 1, 1984, the annual additional tax shall be \$22, and for registrations renewed on or after January 1, 1985, the annual additional tax shall be \$25.

In no event shall the annual additional tax be less than \$13 for any registration renewed after January 1, 1982, nor less than \$18 for any registration renewed after January 1, 1983, \$22 for any registration renewed after January 1, 1984, and \$25 for any registration renewed after January 1, 1985."

A roll call was requested and properly seconded.

The question was taken on the Onnen and Jacobs amendment and the roll was called. There were 7 yeas and 111 nays as follows:

Those who voted in the affirmative were:

Beard	Forsythe	McEachern	Onnen
Dille	Jacobs	O'Connor	

Those who voted in the negative were:

Abrams	Bauerly	Blatz	Carlson, D.	Cooper
Anderson, G.	Begich	Boo	Carlson, L.	Dauner
Anderson, R.	Bennett	Brown	Carruthers	Dawkins
Battaglia	Bertram	Burger	Conway	Dorn

Frederick	Kahn	Morrison	Poppenhagen	Steensma
Frerichs	Kalis	Munger	Price	Sviggum
Girard	Kelly	Murphy	Pugh	Swenson
Greenfield	Kelso	Nelson, C.	Quinn	Tjornhom
Gruenes	Kinkel	Nelson, K.	Redalen	Tompkins
Gutknecht	Knickerbocker	Olson, E.	Reding	Trimble
Hartle	Kostohryz	Olson, K.	Rest	Tunheim
Hasskamp	Krueger	Omman	Rice	Uphus
Heap	Lasley	Orenstein	Rodosovich	Valento
Henry	Lieder	Osthoff	Runbeck	Vellenga
Himle	Limmer	Ostrom	Schafer	Wagenius
Hugoson	Long	Otis	Scheid	Waltman
Janezich	Macklin	Ozment	Seaberg	Weaver
Jaros	Marsh	Pappas	Segal	Welle
Jefferson	McDonald	Pauly	Skoglund	Wenzel
Jennings	McGuire	Pellow	Solberg	Williams
Johnson, A.	McLaughlin	Pelowski	Sparby	Winter
Johnson, V.	Miller	Peterson	Stanis	Wynia
				Spk. Vanasek

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

Schreiber moved to amend H. F. No. 1764, the first engrossment, as amended, as follows:

Page 5, line 7, after "(g)" delete the new language

Page 5, lines 8 to 35, delete the new language and reinstate the stricken language

Page 5, line 12, strike "75" and insert "80"

Page 5, line 13, strike "60" and insert "70"

Page 5, line 14, strike "45" and insert "60" and strike "35" and insert "50"

Page 5, line 15, strike "30" and insert "40"

Page 5, line 16, strike "20" and insert "30"

Page 5, line 17, strike "15" and insert "20"

Adjust the appropriation totals in section 7 accordingly

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

H. F. No. 1764, A bill for an act relating to transportation; changing distribution of highway user taxes; authorizing use of state park road account to improve and maintain city streets and town roads that provide immediate access to state parks and campgrounds; increasing motor vehicle license tax on older vehicles; appropriating money; amending Minnesota Statutes 1988, sections

161.081; 161.082, subdivision 2a; 162.06, subdivision 5; 162.081, subdivision 1; 168.013, subdivision 1a; and 297B.09, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 88 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dorn	Krueger	Osthoff	Simoneau
Anderson, R.	Frederick	Lasley	Ostrom	Solberg
Battaglia	Girard	Lieder	Otis	Sparby
Bauerly	Greenfield	Macklin	Ozment	Steensma
Bertram	Gruenes	Marsh	Pauly	Sviggun
Bishop	Hartle	McDonald	Pelowski	Swenson
Brown	Hasskamp	McEachern	Peterson	Tunheim
Burger	Haukoos	McLaughlin	Poppenhagen	Uphus
Carlson, D.	Hugoson	Milbert	Price	Vellenga
Carlson, L.	Janezich	Morrison	Quinn	Waltman
Carruthers	Jaros	Munger	Redalen	Welle
Clark	Jennings	Murphy	Reding	Wenzel
Conway	Johnson, A.	Nelson, C.	Rest	Williams
Cooper	Johnson, V.	Nelson, K.	Rice	Winter
Dauner	Kahn	Olson, E.	Rodosovich	Wynia
Dawkins	Kalis	Olson, K.	Schafer	Spk. Vanasek
Dempsey	Kelso	Omann	Seaberg	
Dille	Kinkel	Onnen	Segal	

Those who voted in the negative were:

Abrams	Gutknecht	Kostohryz	Orenstein	Skoglund
Beard	Heap	Limmer	Pappas	Stanis
Begich	Henry	Long	Pellow	Tjornhom
Bennett	Himle	Lynch	Pugh	Tompkins
Blatz	Jacobs	McGuire	Richter	Trimble
Boo	Jefferson	McPherson	Runbeck	Valento
Forsythe	Kelly	Miller	Scheid	Wagenius
Frerichs	Knickerbocker	O'Connor	Schreiber	Weaver

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

SECOND READING OF SENATE BILLS

S. F. Nos. 1252 and 1011 were read for the second time.

HOUSE ADVISORIES

The following House Advisories were introduced:

Osthoff, Pappas, Battaglia, Stanis and Abrams introduced:

H. A. No. 13, A proposal to study county and city government and services.

The advisory was referred to the Committee on Local Government and Metropolitan Affairs.

Gutknecht, Scheid, Osthoff, Boo and Abrams introduced:

H. A. No. 14, A proposal to study proportional voting by presidential electors.

The advisory was referred to the Committee on General Legislation, Veterans Affairs and Gaming.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 461, A bill for an act relating to crime victims; modifying the limitations provision governing damage actions brought by sexual assault victims; requiring that victims of crimes against the person be informed of the conditions governing the convicted offender's release from confinement and the identity of the corrections agent supervising the offender; requiring that sexual assault victims be notified when the alleged sex offender is released from pretrial detention; amending Minnesota Statutes 1988, sections 541.07; 611A.03, subdivision 1; and 611A.06; proposing coding for new law in Minnesota Statutes, chapters 541 and 629.

H. F. No. 1221, A bill for an act relating to education; allowing school districts to be considered providers under the state medical assistance plan; proposing coding for new law in Minnesota Statutes, chapter 124.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 1353, A bill for an act relating to insurance; requiring insurers to pay the insured's deductible first when recovering from an uninsured motorist under a subrogation claim; amending Minnesota Statutes 1988, section 72A.201, subdivision 6.

H. F. No. 1560, A bill for an act relating to natural resources; authorizing the Elephant Creek impoundment in St. Louis county.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 193, A bill for an act relating to crimes; providing that an offender may not demand execution of sentence except under certain circumstances; requiring the board of pardons to meet at least twice each year; amending Minnesota Statutes 1988, sections 609.135, by adding a subdivision; and 638.04.

The Senate has appointed as such committee:

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

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 412, A bill for an act relating to education; changing the definitions of teachers and of supervisory and support personnel for the purpose of licensure; changing the kinds of personnel licensed by the board of teaching and the state board of education; changing the composition of the board of teaching; providing for teacher performance effectiveness plans; amending Minnesota Statutes 1988, sections 125.03, subdivisions 1 and 4; 125.05, subdivisions 1 and 2; 125.08; and 125.183, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 125.

The Senate has appointed as such committee:

Mr. Pehler; Ms. Peterson, D. C., and Mr. Frederickson, D. J.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 456, A bill for an act relating to human rights; allowing results of job evaluation systems as evidence in discrimination actions; amending Minnesota Statutes 1988, sections 43A.05, by adding a subdivision; and 471.997.

The Senate has appointed as such committee:

Mses. Reichgott and Berglin and Mr. Laidig.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 811, A bill for an act relating to natural resources; changing certain provisions relating to the taking of turtles; amending Minnesota Statutes 1988, sections 97A.475, subdivision 41; 97C.605, subdivisions 2 and 3; and 97C.611; repealing Minnesota Statutes 1988, section 97C.615.

The Senate has appointed as such committee:

Mr. Berg, Ms. Piper and Mr. Frederickson, D. R.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 1285, A bill for an act relating to health insurance; changing coverage and administrative procedures relating to the comprehensive health insurance plan; requiring a report; amending

Minnesota Statutes 1988, sections 62E.10, subdivisions 2a, 7, and 9; and 62E.12.

The Senate has appointed as such committee:

Messrs. Brandl, Luther and Storm.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 333, A bill for an act relating to recreational vehicles; regulating all-terrain vehicles; setting fees; revising liability provisions regarding county administered lands, recreational areas and the Minnesota zoological garden; imposing a penalty; amending Minnesota Statutes 1988, sections 3.736, subdivision 3; 84.92, subdivision 1, and by adding subdivisions; 84.922, subdivisions 1 and 5, and by adding subdivisions; 84.924, subdivision 3; 84.9256, subdivisions 1, 2, and 3; 84.928, subdivisions 1, 2, and 6; 84.929; 169.02, subdivision 1; and 171.03; repealing Minnesota Statutes 1988, sections 84.922, subdivision 8; 84.925, subdivision 2; 84.928, subdivision 7; and 466.03, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Beigh moved that the House refuse to concur in the Senate amendments to H. F. No. 333, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

H. F. No. 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.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Heap moved that the House concur in the Senate amendments to H. F. No. 1540 and that the bill be repassed as amended by the Senate. The motion prevailed.

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.

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

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

Those who voted in the affirmative were:

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

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

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 486, A bill for an act relating to juvenile justice; requiring reasonable efforts to prevent placement of children in need of

protection or services proceedings; amending duty of juvenile court to ensure placement prevention and family reunification; defining reasonable efforts; clarifying definitions, jurisdiction, and services for Indian children; requiring preference for racial or ethnic heritage for appointment of guardian ad litem; requiring consideration of reasonable efforts in factors determining neglect; requiring that a child be in imminent danger for detention; permitting social services to release for detention; requiring finding of reasonable efforts at detention; and imposing requirements for disposition case plans; amending Minnesota Statutes 1988, sections 260.012; 260.015, subdivisions 11, 13, 14, and by adding subdivisions; 260.111, by adding a subdivision; 260.135, subdivision 2; 260.141; 260.155, subdivisions 4 and 7; 260.165, subdivision 1; 260.171, subdivision 1; 260.172, subdivisions 1 and 4; 260.173, subdivision 2; 260.181, subdivision 2; and 260.191, subdivisions 1a and 1e.

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

Ms. Berglin, Mr. Spear and Mrs. Brataas.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Rest moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 486. The motion prevailed.

Mr. Speaker:

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

S. F. Nos. 54, 957, 1221, 84, 764, 989, 775, 784 and 1435.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 54, A bill for an act relating to the city of Edina; authorizing the city to operate a public transit system and to acquire necessary equipment, land, and interests in land; permitting the establishment of special service districts in the city; providing that the city and the housing and redevelopment authority need not

require competitive bidding and bonds in connection with certain redevelopment projects.

The bill was read for the first time.

Forsythe moved that S. F. No. 54 and H. F. No. 7, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 957, A bill for an act relating to economic development; transferring programs under the Minnesota agricultural and economic development board to the department of trade and economic development; changing the governing structure of the certified development company; transferring program responsibilities for the allocation of bonding authority to the department of finance; eliminating certain reporting requirements; transferring tax increment financing reporting requirements; amending Minnesota Statutes 1988, sections 41A.01; 41A.02, subdivisions 7a, 15, 16, and by adding subdivisions; 41A.021; 41A.022; 41A.023; 41A.03, subdivision 3; 41A.035; 41A.036, subdivisions 1, 4, 5, and 6; 41A.04; 41A.05, subdivisions 1, 2, 3, and 4; 41A.051; 41A.06, subdivisions 2, 4, and 5; 41A.07; 41A.08; 469.175, subdivisions 2 and 5; and 474A.02, subdivision 5a; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 1988, sections 41A.02, subdivision 3; 41A.065; and 469.012, subdivision 5.

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

S. F. No. 1221, A bill for an act relating to the city of Hopkins; authorizing the establishment of special service districts.

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

S. F. No. 84, A bill for an act relating to watercraft; providing for titling of watercraft; providing for perfection of security interests in watercraft; imposing penalties; appropriating money; amending Minnesota Statutes 1988, section 336.9-302; proposing coding for new law as Minnesota Statutes, chapter 361A.

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

S. F. No. 764, A bill for an act relating to local government; changing conditions for the establishment and operation of special service districts in St. Cloud; amending Laws 1985, chapter 301,

sections 5, subdivision 5; 7, subdivision 1; 9; 12; and 13, subdivision 2, and by adding a subdivision; repealing Laws 1985, chapter 301, section 7, subdivision 4.

The bill was read for the first time.

Gruenes moved that S. F. No. 764 and H. F. No. 988, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 989, A bill for an act relating to the town of Otsego; authorizing the town to establish an economic development authority and to exercise tax increment financing powers; granting the town the power of a city with respect to the authority.

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

S. F. No. 775, A bill for an act relating to workers' compensation; requiring a report on recodification and simplification of the workers' compensation law; appropriating money.

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

S. F. No. 784, A bill for an act relating to commerce; prohibiting car rental companies from holding renters liable for damages, except under certain circumstances; amending Minnesota Statutes 1988, section 65B.49, subdivision 5a; proposing coding for new law in Minnesota Statutes, chapter 325E.

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

S. F. No. 1435, A bill for an act relating to employment; prohibiting termination of sales representative agreements under certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 325E.

The bill was read for the first time.

Blatz moved that S. F. No. 1435 and H. F. No. 1641, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 333:

Begich, Pugh and Schafer.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 486:

Rest, Seaberg and Vellenga.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1107

A bill for an act relating to landlord and tenant; authorizing emergency proceeding for loss of essential services; proposing coding for new law in Minnesota Statutes, chapter 566.

May 10, 1989

The Honorable Robert E. Vanasek
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 1107, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

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

House Conferees: RICHARD H. JEFFERSON, TOM OSTHOFF AND SALLY OLSEN.

Senate Conferees: JOHN J. MARTY, STEVEN MORSE AND FRITZ KNAAK.

Jefferson moved that the report of the Conference Committee on H. F. No. 1107 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1107, A bill for an act relating to landlord and tenant; authorizing emergency proceeding for loss of essential services; proposing coding for new law in Minnesota Statutes, chapter 566.

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

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

Those who voted in the affirmative were:

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

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

SPECIAL ORDERS

Wynia moved that the 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

Long from the Committee on Taxes to which was referred:

H. F. No. 66, A bill for an act relating to gambling; creating a department of gaming; authorizing a state lottery to be conducted by a department of state lottery; creating a division of inspection and enforcement in the department of public safety and providing for its duties; prescribing penalties; appropriating money; amending Minnesota Statutes 1988, sections 10A.01, subdivision 18; 15A.081, subdivision 1; 240.06, subdivisions 3 and 8; 240.07, subdivision 2; 240.08, subdivision 3; 240.21; 290.01, subdivision 19b; 297A.25, by adding a subdivision; 340A.410, subdivision 5; 349.12, subdivisions 11, 17, 20, and by adding subdivisions; 349.151, subdivisions 2 and 4; 349.16, subdivisions 3 and 4; 349.161, subdivision 4; 349.162, subdivisions 1, 2, 4, and 5; 349.163; 349.18, subdivision 1; 349.19, subdivisions 5 and 6; 349.212; 349.2121, subdivisions 2, 3, 4, 4a, 6, 7, 8, and 10; 349.2122; 349.2125, subdivisions 1, 2, and 3; 349.2127, subdivision 2; 349.214, subdivision 2; 349.22, subdivisions 1 and 3; 541.20; 541.21; 609.75, subdivision 3; 609.76, subdivision 1; 609.761; 626.05, subdivision 2; 626.13; and 626.84, subdivision 1; proposing coding for new law as Minnesota Statutes, chapters 299K; 349A; and 349B; proposing coding for new law in Minnesota Statutes, chapters 245 and 349; repealing Minnesota Statutes 1988, sections 349.161, subdivision 7; 349.164, subdivision 5; 349.171; and 349.22, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

DIVISION OF PARI-MUTUEL HORSE RACING

Section 1. Minnesota Statutes 1988, section 240.01, is amended by adding a subdivision to read:

Subd. 13. [COMMISSIONER.] "Commissioner" is the commissioner of gaming.

Sec. 2. Minnesota Statutes 1988, section 240.01, is amended by adding a subdivision to read:

Subd. 14. [DIRECTOR.] "Director" is the director of pari-mutuel racing.

Sec. 3. Minnesota Statutes 1988, section 240.01, is amended by adding a subdivision to read:

Subd. 15. [DIVISION.] "Division" is the division of pari-mutuel racing in the department of gaming.

Sec. 4. [240.011] [DIVISION OF PARI-MUTUEL RACING.]

Subdivision 1. [DIVISION CREATED.] A division of pari-mutuel racing is created in the department of gaming. The division is under the supervision and control of the Minnesota racing commission and the director of pari-mutuel racing, who have the powers and duties prescribed in this chapter.

Subd. 2. [DIRECTOR OF PARI-MUTUEL RACING.] The commissioner shall appoint the director of pari-mutuel racing, who serves in the unclassified service at the commissioner's pleasure. The director must be a person qualified by experience in the administration and regulation of pari-mutuel racing to discharge the duties of the director.

Subd. 3. [AUDIT.] The legislative auditor shall audit or the director may contract for an audit of the books and accounts of the division annually or as often as the legislative auditor's funds and personnel permit. The director shall pay the total cost of the audit. All collections received for the audits must be deposited in the general fund.

Sec. 5. Minnesota Statutes 1988, section 240.02, subdivision 1, is amended to read:

Subdivision 1. [COMMISSION CREATED.] A Minnesota racing commission is established within the division of pari-mutuel racing with the powers and duties specified in Laws 1983, chapter 244 this section. Until the effective date of the first vacancy on the commission that occurs after the effective date of this act, including a vacancy caused by the expiration of a term, the commission consists of nine members appointed by the governor with the advice and consent of the senate. After that date, the commission consists of eight members appointed by the governor with the advice and consent of the senate, plus the commissioner as a voting member. Not more than five of the members may belong to the same political party. The governor shall designate the chair of the commission. The commission shall select a chair, who shall not be the commissioner, from among its members. Of the members first appointed, three are for terms expiring June 30, 1985, three are for terms expiring June 30, 1987, and three are for terms expiring June 30,

1989. After the expiration of the initial term, appointments are for terms of six years. An appointment to fill a vacancy in an unexpired term is for the remainder of the term and is with the advice and consent of the senate.

Sec. 6. Minnesota Statutes 1988, section 240.02, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] A member of the commission must have been a resident of Minnesota for at least five years before appointment, and must have a background and experience as would qualify for membership on the commission. A member must, before taking a place on the commission, file a bond in the principal sum of \$100,000 payable to the state, conditioned upon the faithful performance of duties. No commissioner, nor any member of the commissioner's immediate family residing in the same household, may hold a license issued by the commission or have a direct or indirect financial interest in a corporation, partnership, or association which holds a license issued by the commission. This subdivision does not apply to the commissioner of gaming.

Sec. 7. Minnesota Statutes 1988, section 240.04, subdivision 1, is amended to read:

Subdivision 1. [EXECUTIVE DIRECTOR; DUTIES.] ~~The commission shall appoint an executive director, who is its chief administrative officer and who serves at its pleasure in the unclassified service. The executive director shall perform the following duties:~~

(a) take and preserve records of all proceedings before the commission, maintain its books, documents, and records, and make them available for public inspection as the commission directs;

(b) if so designated by the commission, act as a hearing officer in hearings which need not be conducted under the administrative procedure act to conduct hearings, receive testimony and exhibits, and certify the record of proceedings to the commission;

(c) act as the commission's chief personnel officer and supervise the employment, conduct, duties, and discipline of commission employees; and

(d) perform other duties as directed by the commission.

Sec. 8. Minnesota Statutes 1988, section 240.04, subdivision 3, is amended to read:

Subd. 3. [DIRECTOR OF RACING SECURITY.] The commission may appoint a director of racing security to serve in the unclassified service at the commission's pleasure. The director of racing security

shall enforce all laws and commission rules relating to the security and integrity of racing. The director of racing security and all other persons designated by the commission as security officers have free and open access to all areas of all facilities the commission licenses and may search without a search warrant any part of a licensed racetrack and the person of any licensee of the commission on the premises. The director of racing security may order a licensee to take, at the licensee's expense, security measures necessary to protect the integrity of racing, but the order may be appealed to the commission. Nothing in this chapter prohibits law enforcement authorities and agents from entering, in the performance of their duties, a premises licensed under Laws 1983, chapter 214.

If no director of racing security is appointed the duties of that office are assigned to the ~~executive~~ director. The commission may contract with outside services or personnel to assist the ~~executive~~ director in the performance of these duties.

The director of racing security may request the assistance of any division of the department in the performance of these duties.

Sec. 9. Minnesota Statutes 1988, section 240.04, subdivision 7, is amended to read:

Subd. 7. [ASSISTANCE.] The commission and director may request assistance from any department or agency of the state, including a division of the department, in fulfilling its duties, and shall make appropriate reimbursement for all such assistance.

Sec. 10. Minnesota Statutes 1988, section 240.06, subdivision 3, is amended to read:

Subd. 3. [INVESTIGATION.] Before granting a class A license the commission shall conduct, or request the division of inspection and enforcement or the bureau of criminal apprehension to conduct, a comprehensive background and financial investigation of the applicant and sources of financing. The commission may charge an applicant an investigation fee to cover the cost of the investigation, and shall from this fee reimburse the bureau or the division of inspection and enforcement for its share of the cost of the investigation. The commission has access to all criminal history data compiled by the bureau of criminal apprehension or the division of inspection and enforcement on class A licensees and applicants.

Sec. 11. Minnesota Statutes 1988, section 240.06, subdivision 8, is amended to read:

Subd. 8. [WORK AREAS.] A class A licensee must provide at no cost to the ~~commission department~~ suitable work areas for commission members, officers, employees, and agents, including agents of

the division of inspection and enforcement, who are directed or requested by the commission to supervise and control racing at the licensed racetrack.

Sec. 12. Minnesota Statutes 1988, section 240.07, subdivision 2, is amended to read:

Subd. 2. [HEARINGS; INVESTIGATIONS.] Before granting an initial class B license the commission shall hold at least one public hearing on the license. Comprehensive investigations must be conducted and their costs paid in the manner prescribed by section 240.06, subdivision 3. The commission has access to all criminal history data compiled by the bureau of criminal apprehension or the division of inspection and enforcement on class B licensees and applicants.

Sec. 13. Minnesota Statutes 1988, section 240.08, subdivision 3, is amended to read:

Subd. 3. [INVESTIGATIONS.] The commission shall investigate each applicant for a class C license to the extent it deems necessary, and may request the assistance of and may reimburse the bureau of criminal apprehension or the division of inspection and enforcement in investigating applicants. The commission may by rule require that an applicant be fingerprinted or furnish the applicant's fingerprints. Investigations must be conducted and their costs paid in the manner prescribed by section 240.06, subdivision 3. The commission may cooperate with national and international organizations and agencies in conducting investigations. The commission may by rule provide for examining the qualifications of an applicant for the license being applied for. The commission has access to all criminal history data compiled by the bureau of criminal apprehension or the division of inspection and enforcement on class C applicants and licensees.

Sec. 14. Minnesota Statutes 1988, section 240.21, is amended to read:

240.21 [RIGHT OF INSPECTION.]

The commission and its representatives, including representatives of the division of inspection and enforcement if requested by the commission to assist in the enforcement of laws and rules, have the right to inspect the licensed premises of a licensee and to examine the licensee's books and other records at any time without a search warrant.

Sec. 15. Minnesota Statutes 1988, section 240.28, is amended to read:

240.28 [CONFLICT OF INTEREST.]

Subdivision 1. [FINANCIAL INTEREST.] No person may serve on the commission or be employed by it the division who has an interest in any corporation, association, or partnership which holds a license from the commission or which holds a contract to supply goods or services to a licensee or at a licensed racetrack, including concessions contracts. No member of the commission or employee of the commission division may own, wholly or in part, or have an interest in a horse which races at a licensed racetrack in Minnesota. No member of the commission or employee of the commission division may have a financial interest in or be employed in a profession or business which conflicts with the performance of duties as a member or employee.

Subd. 2. [BETTING.] No member of the commission or employee of the commission division may bet or cause a bet to be made on a race at a licensed racetrack while serving on the commission or being employed by the commission division. No person appointed or approved by the commission director as a steward may bet or cause a bet to be made at a licensed racetrack during a racing meeting at which the person is serving as a steward. The commission shall by rule prescribe such restrictions on betting by its licensees as it deems necessary to protect the integrity of racing.

Subd. 3. [VIOLATION.] A violation of subdivisions 1 and 2 is grounds for removal from the commission or termination of employment. A bet made directly or indirectly by a licensee in violation of a rule made by the commission under subdivision 2 is grounds for suspension or revocation of the license.

Sec. 16. [REPEALER.]

Minnesota Statutes 1988, section 240.02, subdivision 7, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective July 1, 1989.

ARTICLE 2

DIVISION OF CHARITABLE GAMBLING CONTROL

Section 1. Minnesota Statutes 1988, section 349.12, subdivision 11, is amended to read:

Subd. 11. "Lawful purpose" means one or more of the following: (a) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from

disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded; (b) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures; (c) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people; (d) any expenditure by, or any contribution to, a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code; or ~~(d)~~ (e) payment of taxes imposed under this chapter, and other taxes imposed by the state or the United States on receipts from lawful gambling.

“Lawful purpose” does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property owned or leased by ~~the an~~ organization, other than a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code, unless the board specifically authorizes the expenditures after finding that the property will be used exclusively for one or more of the purposes specified in clauses (a) to (c). The board may by rule adopt procedures and standards to administer this subdivision.

Sec. 2. Minnesota Statutes 1988, section 349.12, subdivision 17, is amended to read:

Subd. 17. “Distributor” is a person who sells gambling equipment ~~the distributor manufactures or purchases for resale within the state to licensed organizations,~~ organizations conducting exempt activity under section 349.214, or to other distributors.

Sec. 3. Minnesota Statutes 1988, section 349.12, subdivision 20, is amended to read:

Subd. 20. [IDEAL NET.] “Ideal net” means the pull-tab or tip-board deal’s ideal gross, as defined under subdivision 19, less the total predetermined prize amounts available to be paid out. When the prize is not entirely a monetary one, the ideal net is 50 percent of the ideal gross.

Sec. 4. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 21. [DIVISION.] “Division” is the division of charitable gambling control in the department of gaming.

Sec. 5. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 22. [DIRECTOR.] "Director" is the director of the division of charitable gambling control.

Sec. 6. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 23. [COMMISSIONER.] Except as otherwise provided, "commissioner" is the commissioner of revenue.

Sec. 7. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 24. [NET PROFIT.] "Net profit" means gross profit less reasonable sums actually expended for allowable expenses.

Sec. 8. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 25. [MANUFACTURER.] "Manufacturer" means a person or entity who assembles from raw materials or subparts a completed piece of gambling equipment, and who sells or furnishes the equipment for resale or for use in the state, and who is not a distributor licensed under this chapter. The term includes a person who converts, modifies, adds to, or removes parts or a portion from an item, device, or assembly to further its promotion, sale, or use as gambling equipment in this state. A person only adding or modifying promotional flares to advise the public of the prizes available, the rules of play, and the consideration required is not a manufacturer.

Sec. 9. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 26. [PROMOTIONAL TICKET.] "Promotional ticket" is a pull-tab or tipboard ticket with the words "no purchase necessary" and "for promotional use only" and for which no consideration is given.

Sec. 10. Minnesota Statutes 1988, section 349.151, subdivision 1, is amended to read:

Subdivision 1. [BOARD CREATED.] The charitable gambling control board is created within the division of charitable gambling control, with the powers and duties established by subdivision 4.

Sec. 11. Minnesota Statutes 1988, section 349.151, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The board consists of ~~43~~ four members appointed as follows:

(1) eleven persons appointed by the governor with the advice and consent of the senate, at least four of whom must reside outside of the seven-county metropolitan area;

(2) the commissioner of public safety or a designee; and

(3) the attorney general or a designee.

A member serving on the board by appointment must have been a resident of Minnesota for at least five years. Of the appointees of the governor not more than six may belong to the same political party. A member appointed to the board may be removed at any time by the appointing authority. Vacancies on the board are filled in the same manner as the original appointment. Of the members appointed by the governor, three are for terms expiring June 30, 1985, four are for terms expiring June 30, 1986, and four are for terms expiring June 30, 1987. After the expiration of the initial terms, appointments are for three years. The governor shall appoint the chair from among the governor's appointees by the governor with the advice and consent of the senate, plus the commissioner of gaming as a voting member. Not more than three of the five members of the board may belong to the same political party. The board shall select one of its members, other than the commissioner, to serve as chair. The terms of all members serving on the board on June 30, 1989, expire on that date. Of the members appointed by the governor to serve terms beginning July 1, 1989, one is for a term expiring June 30, 1992, and two are for terms expiring June 30, 1995. Thereafter all appointments by the governor are for six-year terms.

Sec. 12. Minnesota Statutes 1988, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] The board has the following powers and duties:

(1) to issue, revoke, and suspend licenses to organizations, distributors, and manufacturers under sections 349.16, 349.161, and 349.163;

(2) to collect and deposit license fees and taxes due under this chapter;

(3) to receive reports required by this chapter and inspect the records, books, and other documents of organizations and suppliers to insure compliance with all applicable laws and rules;

(4) (3) to make rules, including emergency rules, required by this chapter;

(5) to register gambling equipment and issue registration stamps under section 349.162;

(6) (5) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(7) (5) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing charitable gambling; and

(8) (6) impose civil penalties of not more than \$500 per violation on organizations, distributors, and manufacturers for failure to comply with any provision of sections 349.12 to 349.23 or any rule of the board;

(7) to notify city councils, county boards, and town boards before issuing or renewing licenses to organizations as specified under section 349.213; and

(8) to revoke and suspend manufacturers' licenses.

Sec. 13. Minnesota Statutes 1988, section 349.151, subdivision 5, is amended to read:

Subd. 5. [EMPLOYEES.] The board shall employ an executive secretary in the unclassified service and such other employees in the classified service as are required to enable it to carry out its functions. One or more of the employees must be bingo inspectors.

Sec. 14. [349.151] [COMMISSIONER OF REVENUE.]

The commissioner of revenue has the following powers and duties under sections 349.11 to 349.23:

(1) to collect and deposit taxes as authorized under sections 349.11 to 349.23;

(2) to receive reports required to be submitted to the commissioner and inspect the records, books, and other documents of organizations and suppliers to ensure compliance with those provisions of sections 349.11 to 349.23 relating to taxes imposed by those sections; and

(3) to investigate noncompliance with, or violation of, the provisions of sections 349.11 to 349.23 relating to taxes imposed by those sections.

Sec. 15. [349.152] [DIVISION OF CHARITABLE GAMBLING.]

Subdivision 1. [DIVISION ESTABLISHED.] A division of charitable gambling control is created within the department of gaming. The division is under the supervision of the charitable gambling control board and the director of the division, who have the powers and duties prescribed in this section and section 349.151.

Subd. 2. [DIRECTOR OF CHARITABLE GAMBLING CONTROL.] The commissioner of gaming shall appoint a director of charitable gambling control, to serve at the commissioner's pleasure in the unclassified service. The director must be qualified, by experience in gaming law and gaming enforcement and administration, to perform the duties of the director.

Subd. 3. [DUTIES OF THE DIRECTOR.] The director has the following duties:

(1) to carry out charitable gambling policy established by the board;

(2) to make recommendations to the board on license issuance, denial, suspension and revocation, and civil penalties the board imposes;

(3) to advise the board on rules the board adopts;

(4) to ensure that board rules, policy, and decisions are adequately, accurately, and continually conveyed to the board's licensees; and

(5) to take and preserve records of all proceedings before the board, maintain its books, documents, and records, and make them available for public inspection on written request, within a reasonable time, and as the board directs.

Sec. 16. Minnesota Statutes 1988, section 349.16, subdivision 3, is amended to read:

Subd. 3. [FEES.] The board shall by rule establish a schedule of fees for licenses under this section. The schedule must establish may issue four classes of licenses, license: a class A license authorizing all forms of lawful gambling; ; a class B license authorizing all forms of lawful gambling except bingo; raffles ; a class C license authorizing bingo only; ; and bingo a class D license authorizing raffles only. The annual license fee for each class of license is:

(1) \$150 for a class A license;

(2) \$75 for a class B license;

(3) \$75 for a class C license; and

(4) \$50 for a class D license.

Sec. 17. Minnesota Statutes 1988, section 349.16, subdivision 4, is amended to read:

Subd. 4. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations applying for or renewing a license to conduct lawful gambling. An investigation fee may not exceed the following limits:

- (1) for cities of the first class, \$500;
- (2) for cities of the second class, \$250; ~~and~~
- (3) for all other cities ~~and counties~~, \$100; and
- (4) for counties, \$250.

Sec. 18. Minnesota Statutes 1988, section 349.161, subdivision 4, is amended to read:

Subd. 4. [FEES.] The annual fee for a ~~supplier's~~ distributor's license is ~~\$1,500~~ \$2,500.

Sec. 19. Minnesota Statutes 1988, section 349.162, subdivision 1, is amended to read:

Subdivision 1. [STAMP REQUIRED.] A distributor may not sell to ~~an organization and an organization may not purchase, transfer, furnish, or otherwise provide to a person, organization, or distributor, and no person, organization, or distributor, may purchase, borrow, accept, or acquire from a distributor gambling equipment unless the equipment has been registered with the board division of inspection and enforcement and has a registration stamp affixed. The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor is entitled to a refund for unused stamps and replacement for stamps which are defective or canceled by the distributor.~~

Sec. 20. Minnesota Statutes 1988, section 349.162, subdivision 2, is amended to read:

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

- (1) the identity of the person or firm from whom the equipment was purchased;

- (2) the registration number of the equipment;
- (3) the name and address of the organization to which the sale was made; and
- (4) the date of the sale;
- (5) the name of the person who ordered the equipment; and
- (6) the name of the person who received the equipment.

The invoice for each sale must be retained for at least one year after the sale is completed and a copy of the invoice is delivered to the board director of inspection and enforcement. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board director of inspection and enforcement, in a form the board director prescribes, its sales of each type of gambling equipment. Employees of the board may inspect the books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

Sec. 21. Minnesota Statutes 1988, section 349.162, subdivision 4, is amended to read:

Subd. 4. [PROHIBITION.] (a) No person other than a licensed organization or a licensed distributor may possess unaffixed registration stamps issued by the board director of inspection and enforcement.

(b) Unless otherwise provided in this chapter, no person may possess gambling equipment that has not been registered with the director of inspection and enforcement.

Sec. 22. Minnesota Statutes 1988, section 349.162, subdivision 5, is amended to read:

Subd. 5. [SALES FROM AND STORAGE FACILITIES.] All gambling equipment purchased or possessed by a licensed distributor for resale in Minnesota must, prior to its the equipment's resale, be unloaded into a sales or storage facility located in Minnesota which the distributor owns or leases, and which has been registered, in advance and in writing, with the director of inspection and enforcement as a sales or storage facility of the distributor. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a sales or storage facility which has been registered with the director of inspection and

enforcement. No gambling equipment may be moved from the facility without having been first registered with the director of inspection and enforcement.

All sales and storage facilities owned, leased, used, or operated by a licensed distributor may be entered upon and inspected by the board, the director of inspection and enforcement, or their authorized representatives during reasonable and regular business hours. Obstruction of, or failure to permit, such entry and inspection is cause for revocation or suspension of a distributor's licenses and permits issued under this chapter.

Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than a registered sales or storage facility are contraband under section 349.2125.

Sec. 23. Minnesota Statutes 1988, section 349.163, is amended to read:

349.163 [REGISTRATION LICENSING OF MANUFACTURERS.]

Subdivision 1. [REGISTRATION.] No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has registered with been licensed as a manufacturer by the board and has been issued a certificate of registration under objective criteria prescribed by the board by rule.

Subd. 2. [CERTIFICATE; FEE.] A certificate license under this section is valid for one year. The annual fee for registration a license is ~~\$500~~ \$2,500.

Subd. 3. [PROHIBITED SALES.] A manufacturer may not sell gambling equipment to any a person not licensed as a distributor unless the manufacturer is also a licensed distributor.

Subd. 4. [INSPECTION OF LICENSED MANUFACTURER.] The director of inspection and enforcement or the board may inspect the books, records, inventory, and manufacturing operations of a licensed manufacturer without notice during the normal business hours of the manufacturer.

Sec. 24. Minnesota Statutes 1988, section 349.18, subdivision 1, is amended to read:

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of at least one year and must be in writing. Copies of all leases must be made available to employees of the board division of charitable gambling control or division of

inspection and enforcement on request. A lease may not provide for rental payments based on a percentage of determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling.

No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity in a leased space during times when lawful gambling is being conducted in the space.

Sec. 25. Minnesota Statutes 1988, section 349.19, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] A licensed organization must report to the board, the division of inspection and enforcement and to its membership monthly, or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms more than one form of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board and the division of inspection and enforcement monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes.

Sec. 26. Minnesota Statutes 1988, section 349.19, subdivision 6, is amended to read:

Subd. 6. [PRESERVATION OF RECORDS.] The board may require that records required to be kept by this section must be preserved by a licensed organization for at least ~~two~~ three and one-half years and may be inspected by employees of the ~~board~~ division at any reasonable time without notice or a search warrant. This subdivision does not limit the powers of the director of inspection and enforcement under chapter 349C.

Sec. 27. Minnesota Statutes 1988, section 349.212, is amended to read:

349.212 [TAX IMPOSED.]

Subdivision 1. [RATE.] (a) There is hereby imposed a tax on all lawful gambling, other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, conducted by organizations licensed by the board at the rate specified in this subdivision.

The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except the tax authorized by subdivision 5 and a fee authorized under section 349.16, subdivision 4. The tax is payable as provided in subdivision 2.

On all lawful gambling, other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, the tax is ten percent of the gross receipts of a licensed organization from lawful gambling less prizes actually paid out, payable by the organization.

(b) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor to a licensed or exempt organization, or to an organization holding an exemption identification number. The rate of the tax is ten percent of the ideal net of the pull-tab and tipboard deal. The tax is payable as provided in section 349.2121, subdivision 4. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor to an organization is imposed on the retail sales price less the tax imposed by this paragraph. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A if the tax imposed by this paragraph has been paid and is exempt from all local taxes and license fees except taxes and fees authorized under subdivision 5 and section 349.16, subdivision 4. The liability for the tax is incurred when the pull-tabs and tipboards are delivered by the distributor to the licensed or exempt organization, to a common or contract carrier for delivery to the organization, or when received by the organization's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of sale. The exemptions in section 349.214, subdivision 2, paragraph (b), do not apply to the tax imposed in this paragraph.

The tax imposed by this paragraph is imposed on all sales of pull-tabs and tipboards, except the following are exempt:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under this chapter;

(3) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and

(4) sales of promotional tickets as defined in section 349.12.

Subd. 2. [COLLECTION; DISPOSITION.] The tax must be paid to

the board at times and in a manner the board prescribes by rule. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.21 and 349.211, 349.212, and 349.213, must be paid to the state treasurer for deposit in the general fund. The tax imposed in subdivision 1, paragraph (a), is due and payable to the commissioner of revenue monthly on or before the 20th of the month after the reporting period in which the taxable event occurred. The tax must be reported on a form prescribed by the commissioner. The proceeds from the taxes must be deposited in the general fund.

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor to a licensed organization, or to an organization holding an exemption identification number. The rate of the tax is ten percent of the ideal net of the pull-tab and tipboard deal. The tax is payable to the commissioner of revenue in the manner prescribed in section 349.2121 and the rules of the commissioner. The commissioner shall pay the proceeds of the tax to the state treasurer for deposit in the general fund. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor to an organization is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A if the tax imposed by this subdivision has been paid and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the licensed or exempt organization, to a common or contract carrier for delivery to the organization, or when received by the organization's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

(c) The exemptions contained in section 349.214, subdivision 2, paragraph (b), do not apply to the tax imposed in this subdivision.

Subd. 4a. [DUE DATE FOR FILING OF RETURNS.] The gambling tax returns required to be made under subdivisions 1 and 3 must be filed on or before the 20th of each month following the close of the preceding reporting period.

Subd. 5. [LOCAL GAMBLING TAX.] A statutory or home rule charter city which has one or more licensed organizations operating lawful gambling, and a county which has one or more licensed organizations outside incorporated areas operating lawful gambling, may impose a local gambling tax on each licensed organization within the city's or county's jurisdiction. The tax may be imposed only if the amount to be received by the city or county is necessary

to cover the costs incurred by the city or county to regulate lawful gambling. The tax imposed by this subdivision may not exceed three percent of the gross receipts profits of a licensed organization from all lawful gambling less prizes actually paid out by the organization. A city or county may not use money collected under this subdivision for any purpose other than for the purpose of regulating lawful gambling. A tax imposed under this subdivision is in lieu of all other local taxes and local investigation fees on lawful gambling. Any city or county that imposes a tax under this subdivision shall annually by March 15 file a report with the board in a form prescribed by the board showing (1) the amount of revenue produced by the tax during the preceding calendar year, and (2) the use of the proceeds of the tax.

Sec. 28. Minnesota Statutes 1988, section 349.2121, subdivision 2, is amended to read:

Subd. 2. [RECORDS.] A distributor shall keep at each licensed place of business complete and accurate records for that place of business, including itemized invoices of pull-tabs and tipboards held, purchased, manufactured, or brought in or caused to be brought in from without this state, and of all sales of pull-tabs and tipboards. The records must show the names and addresses of purchasers, the inventory at the close of each period for which a return is required of all pull-tab and tipboard deals on hand, and other pertinent papers and documents relating to the purchase, sale, or disposition of pull-tab and tipboard deals. Books, records, and other papers and documents required by this section must be kept for a period of at least 3½ years after the date of the documents, or the date of the entries appearing in the records, unless the commissioner authorizes in writing their destruction or disposal at an earlier date. At any time during usual business hours, the commissioner, ~~executive secretary of the charitable gambling control board,~~ or any of ~~their~~ the commissioner's duly authorized agents or employees, may enter a place of business of a distributor, ~~charitable organization, or any site from which pull-tabs or tipboards are gambling equipment is being sold, or any site where lawful gambling is being conducted,~~ and inspect the premises and the records required to be kept under this section to determine whether or not all the provisions of ~~this section~~ sections 349.212 to 349.2124 are being fully complied with. If the commissioner, ~~executive secretary,~~ or ~~their~~ the commissioner's duly authorized agents or employees are denied free access to or are hindered or interfered with in making an inspection of the distributor's place of business, the permit of the distributor may be revoked by the commissioner, and the license of the distributor may be revoked by the charitable gambling control board.

Sec. 29. Minnesota Statutes 1988, section 349.2121, subdivision 3, is amended to read:

Subd. 3. [SUSPENSION, REVOCATION.] The commissioner, after giving notice and hearing, may for reasonable cause revoke or suspend a permit held by a distributor. A notice must be sent to the distributor at least 30 15 days before the hearing and give notice of the time and place of the hearing; proposed suspension or revocation is to take effect. The notice must give the reason for the proposed suspension or revocation; and must require the distributor to show cause why the proposed action should not be taken. The notice may be served personally or by mail in the manner prescribed for service of notice of a deficiency.

The notice must inform the distributor of the right to a contested case hearing. If a request in writing is made to the commissioner within 14 days of the date of the notice, the commissioner shall defer action on the suspension or revocation and shall refer the case to the office of administrative hearings for the scheduling of a contested case hearing. The distributor must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the distributor.

The commissioner shall issue a final order following receipt of the recommendation of the administrative law judge.

Under section 271.06, subdivision 1, an appeal to the tax court may be taken from the commissioner's order of revocation or suspension. The commissioner may not issue a new permit after revocation except upon application accompanied by reasonable evidence of the intention of the applicant to comply with all applicable laws and rules.

Sec. 30. Minnesota Statutes 1988, section 349.2121, subdivision 4, is amended to read:

Subd. 4. [COLLECTION.] The tax imposed by section 349.212, subdivision 4 1, paragraph (b), for each taxable sale is due and payable to the commissioner monthly on or before the 25th day of the month succeeding the month in which the taxable sale was made. The tax must be reported on a form prescribed by the commissioner.

Sec. 31. Minnesota Statutes 1988, section 349.2121, subdivision 4a, is amended to read:

Subd. 4a. [REFUND.] If any deal of pull-tabs or tipboards registered with the board division of inspection and enforcement and upon which the tax imposed by section 349.212, subdivision 4 1, paragraph (b), has been paid is returned unplayed to the distributor, the commissioner of revenue shall allow a refund of the tax paid.

In the case of a defective deal registered with the board and upon which the taxes have been paid is returned to the manufacturer, the

distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal was returned and in what respect it was defective. The certification must be in a form prescribed by the commissioner and must contain additional information the commissioner requires.

The commissioner may require that no refund under this subdivision be made unless the returned pull-tabs or tipboards have been set aside for inspection by the commissioner's employee.

Reductions in previously paid taxes authorized by this subdivision shall be made at the time and in the manner prescribed by the commissioner.

Sec. 32. Minnesota Statutes 1988, section 349.2121, subdivision 6, is amended to read:

Subd. 6. [COLLECTIONS; CIVIL PENALTIES.] (1) The provisions of chapter 297A relating to the commissioner's authority to audit, assess, and collect the tax imposed by that chapter apply to the tax, penalties and interest imposed by section 349.212, subdivision 4 1, paragraph (b). The commissioner shall impose civil penalties for violation of this section as provided in section 297A.39, and the additional tax and penalties are subject to interest at the rate provided in section 270.75.

(2) If any part of any additional assessment is due to negligence or intentional disregard of the provisions of this chapter or rules of the commissioner of revenue (but without intent to defraud), there shall be added to the tax an amount equal to ten percent of the additional assessment. The amount of the tax together with this amount shall bear interest at the rate stated in section 270.75 from the time the tax should have been paid until paid.

Sec. 33. Minnesota Statutes 1988, section 349.2121, subdivision 7, is amended to read:

Subd. 7. [RULES.] The commissioner may adopt rules, including emergency rules, for the administration and enforcement of this section and section 349.212, subdivision 4.

Sec. 34. Minnesota Statutes 1988, section 349.2121, subdivision 8, is amended to read:

Subd. 8. [PERSONAL DEBT.] The tax imposed by section 349.212, subdivision 1, paragraph (b), and interest and penalties imposed with respect to it, shall be a personal debt of the person required to file a return from the time the liability for it arises, irrespective of when the time for payment of the liability occurs. The debt shall, in the case of the executor or administrator of the estate of a decedent

and in the case of any fiduciary, be that of the person in the person's official or fiduciary capacity only unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which event the person shall be personally liable for any deficiency.

Sec. 35. Minnesota Statutes 1988, section 349.2121, subdivision 10, is amended to read:

Subd. 10. **[UNTAXED PULL-TABS OR TIPBOARDS GAMBLING EQUIPMENT.]** It is a gross misdemeanor for any person to possess pull-tabs or tipboards gambling equipment for resale in this state that ~~have~~ has not been registered with the board division of inspection and enforcement, for which a registration stamp has not been affixed to the flare, and upon which the taxes imposed by section 349.212, subdivision 4 1, paragraph (b), or chapter 297A have not been paid. The executive secretary of the charitable gambling control board director of inspection and enforcement or the commissioner of revenue or their designated inspectors and employees may seize in the name of the state of Minnesota any unregistered or untaxed pull-tabs or tipboards gambling equipment.

Sec. 36. Minnesota Statutes 1988, section 349.2122, is amended to read:

349.2122 [MANUFACTURERS; REPORTS TO THE COMMISSIONER; PENALTY.]

A manufacturer ~~registered with~~ licensed by the board who sells pull-tabs and tipboards to a distributor licensed by the board must file with the commissioner of revenue, on a form prescribed by the commissioner, a report of pull-tabs and tipboards sold to licensed distributors. The report must be filed monthly on or before the 25th day of the month succeeding the month in which the sale was made. Any person violating this section shall be guilty of a misdemeanor.

Sec. 37. Minnesota Statutes 1988, section 349.2125, subdivision 1, is amended to read:

Subdivision 1. **[CONTRABAND DEFINED.]** The following are contraband:

(1) all pull-tab or tipboard deals that do not have stamps affixed to them as provided in section 349.162;

(2) all pull-tab or tipboard deals in the possession of any unlicensed person, firm, or organization, whether stamped or unstamped;

(3) any container used for the storage and display of any contraband pull-tab or tipboard deals as defined in clauses (1) and (2);

(4) all currency, checks, and other things of value used for pull-tab or tipboard transactions not expressly permitted under this chapter, and any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents; and

(5) any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used, with the knowledge of the owner or of a person operating with the consent of the owner, for the storage or transportation of more than five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce, or from one distributor to another, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of clause (1);

(6) any unaffixed registration stamps except as provided in section 349.162, subdivision 4;

(7) any prize used or offered in a game utilizing contraband as defined in this subdivision;

(8) any altered, modified, or counterfeit pull-tab or tipboard ticket;

(9) any unregistered gambling equipment except as permitted by this chapter; and

(10) any gambling equipment kept in violation of section 349.18.

Sec. 38. Minnesota Statutes 1988, section 349.2125, subdivision 2, is amended to read:

Subd. 2. [SEIZURE.] Pull-tabs or tipboards or other Property made contraband by subdivision 1 may be seized by the commissioner of revenue or the executive secretary of the charitable gambling control board director of inspection and enforcement or their authorized agents or by any sheriff or other police officer, hereinafter referred to as the seizing authority, with or without process, and shall be subject to forfeiture as provided in subdivisions 3 and 4.

Sec. 39. Minnesota Statutes 1988, section 349.2125, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within two days after the seizure of any alleged contraband, the person making the seizure shall deliver an inventory of the property seized to the

person from whom the property was seized, if known, and file a copy with the commissioner or the executive secretary of the charitable gambling control board director of inspection and enforcement. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the seizing authority a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. Within 30 days after the date of filing of the demand, the seizing authority must bring an action in the district court of the county where seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and determine the issues of fact and laws involved. When a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at a public auction, as provided by law.

If demand for judicial determination is made and no action is commenced as provided in this subdivision, the property must be released by the seizing authority and delivered to the person entitled to it. If no demand is made, the property seized is considered forfeited to the state by operation of law and may be disposed of by the seizing authority as provided where there has been a judgment of forfeiture. When the seizing authority is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the tax imposed by section 349.2121, subdivision 4 349.212, subdivision 1, paragraph (b), the seizing authority shall release the property seized without further legal proceedings.

Sec. 40. Minnesota Statutes 1988, section 349.2127, subdivision 2, is amended to read:

Subd. 2. [PROHIBITION AGAINST POSSESSION.] (a) No person, other than a licensed distributor, shall sell, offer for sale, or have in possession with intent to sell or offer for sale, a pull-tab or tipboard deal not stamped in accordance with the provisions of this chapter.

(b) No person other than a licensed distributor or licensed or exempt organization under section 349.214 may possess gambling equipment, except (1) equipment exempt from taxation under section 349.212, paragraph (b), or (2) equipment put into play by a licensed or exempt organization.

(c) No person, firm, or organization may possess altered, modified, or counterfeit pull-tabs or tipboard tickets with intent to sell, redeem, or exchange them.

Sec. 41. Minnesota Statutes 1988, section 349.214, subdivision 2, is amended to read:

Subd. 2. [LAWFUL GAMBLING.] (a) Raffles may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

(b) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.212 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(c) If the organization fails to file a timely report as required by paragraph (b), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is subsequently filed and the penalty paid.

(d) Merchandise prizes must be valued at their fair market value.

(e) Notwithstanding paragraph (b), an organization which conducts bingo under this subdivision must comply with section 349.211, subdivisions 1 and 2.

(f) Unused pull-tab and tipboard deals must be returned to the distributor within seven days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

Sec. 42. [349.215] [EXAMINATIONS.]

Subdivision 1. [EXAMINATION OF TAXPAYER.] To determine the accuracy of a return or report, or in fixing liability under this chapter, the commissioner may make reasonable examinations or investigations of a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

Subd. 2. [ACCESS TO RECORDS OF OTHER PERSONS IN CONNECTION WITH EXAMINATION OF TAXPAYER.] When conducting an investigation or an audit of a taxpayer, the commissioner may examine, except where privileged by law, the relevant records and files of a person, business, institution, financial institution, state agency, agency of the United States government, or agency of another state where permitted by statute, agreement, or reciprocity. The commissioner may compel production of these records by subpoena. A subpoena may be served directly by the commissioner.

Subd. 3. [POWER TO COMPEL TESTIMONY.] In the administration of this chapter, the commissioner may:

(1) administer oaths or affirmations and compel by subpoena the attendance of witnesses, testimony, and the production of a person's pertinent books, records, papers, or other data.

(2) examine under oath or affirmation any person regarding the business of a taxpayer concerning a matter relevant to the administration of this chapter. The fees of witnesses required by the commissioner to attend a hearing are equal to those allowed to witnesses appearing before courts of this state. The fees must be paid in the manner provided for the payment of other expenses incident to the administration of state tax law; and

(3) in addition to other remedies available, bring an action in equity by the state against a taxpayer for an injunction ordering the taxpayer to file a complete and proper return or amended return. The district courts of this state shall have jurisdiction over the action, and disobedience of an injunction issued under this clause may be punished as a contempt of district court.

Subd. 4. [THIRD PARTY SUBPOENA WHERE TAXPAYER'S IDENTITY IS KNOWN.] An investigation may extend to any person that the commissioner determines has access to information that may be relevant to the examination or investigation. When a subpoena requiring the production of records under subdivision 2 is served on a third-party record keeper, written notice of the subpoena must be mailed to the taxpayer and to any other person who is identified in the subpoena. The notices must be given within three

days of the day on which the subpoena is served. Notice to the taxpayer required by this section is sufficient if it is mailed to the last address on record with the commissioner.

Subd. 5. [THIRD PARTY SUBPOENA WHERE TAXPAYER'S IDENTITY IS NOT KNOWN.] A subpoena that does not identify the person or persons whose tax liability is being investigated may be served only if:

(1) the subpoena relates to the investigation of a particular person or ascertainable group or class of persons;

(2) there is a reasonable basis for believing that the person or group or class of persons may fail or may have failed to comply with tax laws administered by the commissioner;

(3) the subpoena is clear and specific concerning information sought to be obtained; and

(4) the information sought to be obtained is limited solely to the scope of the investigation.

A party served with a subpoena that does not identify the person or persons with respect to whose tax liability the subpoena is issued may, within three days after service of the subpoena, petition the district court in the judicial district in which that party is located for a determination whether the commissioner has complied with all the requirements in clauses (1) to (4), and thus, whether the subpoena is enforceable. If no petition is made by the party served within the time prescribed, the subpoena has the effect of a court order.

Subd. 6. [REQUEST BY TAXPAYER FOR SUBPOENA.] When the commissioner has the power to issue a subpoena for investigative or auditing purposes, then the commissioner shall honor a reasonable request by the taxpayer to issue a subpoena on the taxpayer's behalf, if in connection with the investigation or audit.

Subd. 7. [APPLICATION TO COURT FOR ENFORCEMENT OF SUBPOENA.] The commissioner or the taxpayer may apply to the district court of the county of the taxpayer's residence, place of business, or county where the subpoena can be served as with any other case at law, for any order compelling the appearance of the subpoenaed witness or the production of the subpoenaed records. Failure to comply with the order of the court for the appearance of a witness or the production of records may be punished by the court as for contempt.

Subd. 8. [COST OF PRODUCTION OF RECORDS.] The reasonable costs of producing records of a third party required by a

subpoena must be paid by the taxpayer, if the taxpayer requests the subpoena to be issued, or if the taxpayer has the records available but has refused to provide them to the commissioner. In other cases where the taxpayer is unable to produce records and the commissioner then initiates a subpoena for third-party records, the commissioner shall pay the reasonable cost of producing the records. The commissioner may later assess the reasonable costs against the taxpayer if the records contribute to the determination of an assessment of tax against the taxpayer.

Sec. 43. [349.2151] [ASSESSMENTS.]

Subdivision 1. [GENERALLY.] The commissioner shall make determinations, corrections, and assessments with respect to taxes (including interest, additions to taxes, and assessable penalties) imposed under this chapter.

Subd. 2. [ORDER OF ASSESSMENT; NOTICE AND DEMAND TO TAXPAYER.] (a) When a return has been filed and the commissioner determines that the tax disclosed by the return is different than the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. The order must explain the basis for the assessment and must explain the taxpayer's appeal rights. An assessment by the commissioner must be made by recording the liability of the taxpayer in the office of the commissioner, which may be done by keeping a copy of the order of assessment sent to the taxpayer. An order of assessment is final when made but may be reconsidered by the commissioner under section 349.218.

(b) The amount of unpaid tax shown on the order must be paid to the commissioner: (1) within 60 days after notice of the amount and demand for its payment have been mailed to the taxpayer by the commissioner; or (2) if an administrative appeal is filed under section 349.218 within 60 days following the determination or compromise of the appeal.

Sec. 44. [349.216] [CIVIL PENALTIES.]

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax is not paid within the time specified for payment, a penalty is added to the amount required to be shown as tax. The penalty is three percent of the unpaid tax if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 24 percent in the aggregate.

If the taxpayer has not filed a return, for purposes of this subdivision the time specified for payment is the final date a return should have been filed.

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is three percent of the amount of tax not paid on or before the date prescribed for payment of the tax if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

If a taxpayer fails to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must be at least the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

Subd. 3. [COMBINED PENALTIES.] When penalties are imposed under subdivisions 1 and 2, except for the minimum penalty under subdivision 2, the penalties imposed under both subdivisions combined must not exceed 38 percent.

Subd. 4. [PENALTY FOR INTENTIONAL DISREGARD OF LAW OR RULES.] If part of an additional assessment is due to intentional disregard of the provisions of the applicable chapters of rules of the commissioner (but without intent to defraud), there is added to the tax an amount equal to ten percent of the additional assessment.

Subd. 5. [PENALTY FOR FALSE OR FRAUDULENT RETURN; EVASION.] If a person files a false or fraudulent return, or attempts in any manner to evade or defeat a tax or payment of tax, there is imposed on the person a penalty of not more than 50 percent of the tax found due for the period to which the return related, less amounts paid by the person on the basis of the false or fraudulent return.

Subd. 6. [PENALTY FOR SALES AFTER REVOCATION, SUSPENSION, OR EXPIRATION.] A distributor who engages in, or whose representative engages in, the offering for sale, sale, transport, delivery, or furnishing of gambling equipment to a person, firm, or organization, after the distributor's license or permit has been revoked or suspended, or has expired, and until such license or permit has been reinstated or renewed, is liable for a penalty of \$1,000 for each day the distributor continues to engage in the activity. This subdivision does not apply to the transport of gambling equipment for the purpose of returning the equipment to a licensed manufacturer.

Subd. 7. [PAYMENT OF PENALTIES.] The penalties imposed by this section must be collected and paid in the same manner as taxes.

Subd. 8. [PENALTIES ARE ADDITIONAL.] The civil penalties imposed by this section are in addition to the criminal penalties imposed by this chapter.

Subd. 9. [ORDER PAYMENTS CREDITED.] All payments received may be credited first to the oldest liability not secured by a judgment or lien in the discretion of the commissioner of revenue, but in all cases must be credited first to penalties, next to interest, and then to the tax due.

Sec. 45. [349.2161] [TAX-RELATED CRIMINAL PENALTIES.]

Subdivision 1. [PENALTY FOR FAILURE TO FILE OR PAY.] (a) A person required to file a return, report, or other document with the commissioner, who knowingly fails to file it when required, is guilty of a gross misdemeanor. A person required to file a return, report, or other document who willfully attempts to evade or defeat a tax by failing to file it when required is guilty of a felony.

(b) A person required to pay or to collect and remit a tax, who knowingly fails to do so when required, is guilty of a gross misdemeanor. A person required to pay or to collect and remit a tax, who willfully attempts to evade or defeat a tax law by failing to do so when required is guilty of a felony.

Subd. 2. [FALSE OR FRAUDULENT RETURNS; PENALTIES.] (a) A person required to file a return, report, or other document with the commissioner, who delivers to the commissioner a return, report, or other document known by the person to be fraudulent or false concerning a material matter, is guilty of a felony.

(b) A person who knowingly aids or assists in, or advises in the preparation or presentation of a return, report, or other document that is fraudulent or false concerning a material matter, whether or not the falsity or fraud committed is with the knowledge or consent of the person authorized or required to present the return, report, or other document, is guilty of a felony.

Subd. 3. [SALES WITHOUT PERMIT; VIOLATIONS.] (a) A person who engages in the business of selling pull-tabs or tipboards in Minnesota without the licenses or permits required under this chapter, or an officer of a corporation who so engages in the sales, is guilty of a gross misdemeanor.

(b) A person selling gambling equipment in Minnesota after revocation, suspension, or expiration of a license or permit under this chapter, when the commissioner or the board has not issued a new license or permit, or before the suspension period has ended, is guilty of a felony.

Subd. 4. [CRIMINAL PENALTIES.] Criminal penalties imposed by this section are in addition to civil penalties imposed by this chapter.

Sec. 46. [349.217] [INTEREST.]

Subdivision 1. [INTEREST RATE.] When an interest assessment is required under this section, interest is computed at the rate specified in section 270.75.

Subd. 2. [LATE PAYMENT.] If a tax is not paid within the time specified by law for payment, the unpaid tax bears interest from the date the tax should have been paid until the date the tax is paid.

Subd. 3. [EXTENSIONS.] If an extension of time for payment has been granted, interest must be paid from the date the payment should have been made if no extension had been granted, until the date the tax is paid.

Subd. 4. [ADDITIONAL ASSESSMENTS.] If a taxpayer is liable for additional taxes because of a redetermination by the commissioner, or for any other reason, the additional taxes bear interest from the time the tax should have been paid, without regard to any extension allowed, until the date the tax is paid.

Subd. 5. [ERRONEOUS REFUNDS.] In the case of an erroneous refund, interest accrues from the date the refund was paid unless the erroneous refund results from a mistake of the department, then no interest or penalty is imposed unless the deficiency assessment is not satisfied within 60 days of the order.

Subd. 6. [INTEREST ON JUDGMENTS.] Notwithstanding section 549.09, if judgment is entered in favor of the commissioner with regard to any tax, the judgment bears interest at the rate specified in section 270.75 from the date the judgment is entered until the date of payment.

Subd. 7. [INTEREST ON PENALTIES.] (a) A penalty imposed under section 349.2161, subdivision 1, 2, 3, 4, or 5, bears interest from the date the return or payment was required to be filed or paid (including any extensions) to the date of payment of the penalty.

(b) A penalty not included in paragraph (a) bears interest only if it is not paid within ten days from the date of notice. In that case interest is imposed from the date of notice to the date of payment.

Sec. 47. [349.218] [ADMINISTRATIVE REVIEW.]

Subdivision 1. [TAXPAYER RIGHT TO RECONSIDERATION.] A taxpayer may obtain reconsideration by the commissioner of an

order assessing tax, a denial of a request for abatement of penalty assessed under section 349.152, subdivision 1, clause (5), or 349.2161, or a denial of a claim for refund of money paid to the commissioner under provisions, assessments, or orders under this chapter by filing an administrative appeal as provided in subdivision 4. A taxpayer cannot obtain reconsideration if the action taken by the commissioner is the outcome of an administrative appeal.

Subd. 2. [APPEAL BY TAXPAYER.] A taxpayer who wishes to seek administrative review must follow the procedure provided by subdivision 4.

Subd. 3. [NOTICE DATE.] For purposes of this section the term "notice date" means the date of the order adjusting the tax or order denying a request for abatement, or, in the case of a denied refund, the date of the notice of denial.

Subd. 4. [TIME AND CONTENT FOR ADMINISTRATIVE APPEAL.] Within 60 days after the notice date, the taxpayer must file a written appeal with the commissioner. The appeal need not be in any particular form but must contain the following information:

(1) name and address of the taxpayer;

(2) if a corporation, the state of incorporation of the taxpayer, and the principal place of business of the corporation;

(3) the Minnesota identification number or social security number of the taxpayer;

(4) the type of tax involved;

(5) the date;

(6) the tax years or periods involved and the amount of tax involved for each year or period;

(7) the findings in the notice that the taxpayer disputes;

(8) a summary statement that the taxpayer relies on for each exception; and

(9) the taxpayer's signature or signature of the taxpayer's duly authorized agent.

Subd. 5. [EXTENSIONS.] When requested in writing and within the time allowed for filing an administrative appeal, the commissioner may extend the time for filing an appeal for a period not to exceed 30 days from the expiration of the 60 days from the notice date.

Subd. 6. [AUTOMATIC EXTENSION OF STATUTE OF LIMITATIONS.] Notwithstanding any statute of limitations to the contrary, when the commissioner has made a determination and the taxpayer has authority to file an administrative appeal, the period during which the commissioner can make further assessments or other determinations does not expire before:

(1) 90 days after the notice date if no protest is filed under subdivision 4; or

(2) 90 days after the commissioner notifies the taxpayer of the determination on the appeal.

Subd. 7. [DETERMINATION OF APPEAL.] On the basis of applicable law and available information, the commissioner shall determine the validity, if any, in whole or part of the appeal and notify the taxpayer of the decision. This notice must be in writing and contain the basis for the determination.

Subd. 8. [AGREEMENT DETERMINING TAX LIABILITY.] When it appears to be in the best interests of the state, the commissioner may settle taxes, penalties, or interest that the commissioner has under consideration by virtue of an appeal filed under this section. An agreement must be in writing and signed by the commissioner and the taxpayer or the taxpayer's representative authorized by the taxpayer to enter into an agreement. An agreement must be filed in the office of the commissioner.

Subd. 9. [APPEAL OF AN ADMINISTRATIVE APPEAL.] Following the determination or settlement of an appeal, the commissioner must issue an order reflecting that disposition. Except in the case of an agreement determining tax under this section, the order is appealable to the Minnesota tax court under section 271.06.

Subd. 10. [APPEAL WHERE NO DETERMINATION.] If the commissioner does not make a determination within six months of the filing of an administrative appeal, the taxpayer may elect to appeal to tax court.

Subd. 11. [EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.] This section is not subject to chapter 14.

Sec. 48. Minnesota Statutes 1988, section 349.22, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANOR.] A person who in any manner violates sections 349.11 to 349.214 349.23 to evade the a tax imposed by a provision of this chapter, or who aids and abets evasion of the a tax, or hinders or interferes with a seizing authority when

a seizure is made as provided by section 349.2125, is guilty of a gross misdemeanor.

Sec. 49. Minnesota Statutes 1988, section 349.22, subdivision 3, is amended to read:

Subd. 3. [FELONY.] (a) A person violating section 349.2127, subdivision 1 or 3, is guilty of a felony.

(b) A person ~~violating who violates~~ section 349.2127, subdivisions 2 and 4, by possessing, receiving, or transporting more than ten pull-tab or tipboard deals ~~not stamped in accordance with this chapter or games, or any combination thereof which exceeds ten deals or games,~~ is guilty of a felony.

Sec. 50. [CHARITABLE GAMBLING CONTROL BOARD; TERMS.]

The terms of all members of the charitable gambling control board expire on June 30, 1989.

Sec. 51. [REPEALER.]

Minnesota Statutes 1988, sections 349.151, subdivisions 3 and 5; 349.161, subdivision 7; 349.164, subdivision 5; 349.171; and 349.22, subdivision 4, are repealed.

Sec. 52. [EFFECTIVE DATE.]

Except as otherwise provided, sections 1 to 49 are effective July 1, 1989.

Section 3 is effective for tipboard deals put into play on or after July 1, 1989.

Section 17 is effective for applications, including applications for license renewals, received by counties on and after July 1, 1989.

Sections 20; 25; 27, subdivision 4a; 42; 43; 44; 45; and 47 are effective for reports and returns becoming due on and after July 1, 1989.

Section 23 is effective for applications received by the board on or after July 1, 1989.

Sections 16 and 18 are effective for applications for licenses and renewals taking effect on or after July 1, 1989.

Sections 46 and 48 are effective for violations occurring on and after July 1, 1989.

ARTICLE 3 STATE LOTTERY DIVISION

Section 1. [349A.01] [STATEMENT OF POLICY.]

The legislature finds that for the purpose of raising necessary additional revenue for public purposes by means of a state-operated lottery in conformity with all applicable laws and rules, consistent with the public interest, the dignity of the state and the need for the highest levels of integrity and public confidence, there is a need to establish a division of state lottery within the department of gaming.

Sec. 2. [349A.02] [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] For the purposes of this chapter the terms defined in this section have the meanings given them.

Subd. 2. [BOARD.] "Board" is the state lottery board established in section 4.

Subd. 3. [DIRECTOR.] "Director" is the director of the state lottery division.

Subd. 4. [COMMISSIONER.] "Commissioner" is the commissioner of gaming.

Subd. 5. [DEPARTMENT.] "Department" is the department of gaming.

Subd. 6. [DIVISION.] "Division" is the division of the state lottery in the department of gaming.

Subd. 7. [LOTTERY.] "Lottery" is the state lottery operated by the state lottery division of the department.

Subd. 8. [PERSON.] "Person" is an individual, firm, association, partnership, corporation, trustee, or legal representative.

Subd. 9. [MAJOR PROCUREMENT CONTRACT.] "Major procurement contract" is a contract to provide lottery products, computer hardware and software used to monitor sales of lottery tickets, or lottery tickets. Major procurement contracts do not include contracts to provide annuity or prize payment agreements, and

materials, supplies, equipment, and services common to the ordinary operations of state agencies.

Sec. 3. [349A.03] [STATE LOTTERY DIVISION.]

Subdivision 1. [DIRECTOR.] A state lottery division is established in the department of gaming, under the supervision and control of the director of the state lottery. The governor shall appoint the first director from a list of at least three persons recommended to the governor by the governor's commission on the lottery which was appointed by the governor on December 8, 1988. Subsequent directors must be appointed by the commissioner. The director must be qualified by experience and training to supervise the lottery. The director serves in the unclassified service.

Subd. 2. [REMOVAL.] (a) The director may be removed from that position only by the person who appointed the director. The director may be removed, after notice and a hearing if requested, only for:

(1) violating section 12;

(2) malfeasance, nonfeasance, or misfeasance as defined in section 351.14, subdivisions 2, 3, and 4; or

(3) failure to perform adequately the duties of the director.

(b) For the purposes of this subdivision, adequate performance of the director may be determined by:

(1) gross revenue from the sale of lottery tickets;

(2) efficiency of the administration of lottery operations;

(3) public confidence in the integrity of the lottery; and

(4) compliance with advertising requirements in section 10.

A hearing under this subdivision must be conducted by the person proposing to remove the director.

Subd. 3. [POWERS AND DUTIES.] The director shall operate the lottery consistent with the policy in section 1. In doing so the director shall exercise the following powers and duties:

(1) adopt rules and game procedures;

(2) issue lottery retailer contracts and rule on appeals of decisions relating to those contracts;

(3) make contracts for the provision of goods and services to the lottery;

(4) employ personnel as are required to operate the lottery; and

(5) take all necessary steps to ensure the integrity of, and public confidence in, the state lottery.

Subd. 4. [EMPLOYEES; CLASSIFICATION.] The director may appoint other personnel as are necessary to operate the state lottery. Employees of the division who are not professional employees as defined in section 179A.03, subdivision 13, and employees whose primary responsibilities are in data processing and accounting, are in the classified service. All other employees of the division are in the unclassified service.

Subd. 5. [COMPENSATION.] The compensation of employees in the division is as provided in chapter 43A. The commissioner of employee relations may, at the request of the director, develop and implement a plan for making incentive payments to employees of the division whose primary responsibilities are in marketing.

Subd. 6. [EMPLOYEES; BACKGROUND CHECKS.] The director shall conduct background checks, or request the director of inspection and enforcement to make background checks, on all prospective employees who are finalists as defined in section 13.43, subdivision 3, and may require that all employees of the division be fingerprinted. No person may be employed by the division who has been convicted of a felony or a crime involving fraud or misrepresentation within five years of starting employment with the division, or has ever been convicted of a gambling-related offense. The director has access to all criminal history data compiled by the bureau of criminal apprehension or the division of inspection and enforcement on employees and prospective employees of the lottery. The director may employ necessary persons pending the completion of a background check.

Subd. 7. [ASSISTANCE.] The director may request any other department or agency of the state, including the division of inspection and enforcement, to provide reasonable assistance to the director in carrying out the director's duties. All provision of services to the director from another state agency, including a constitutional officer, must be by agreement made between the director and the agency. An agreement must include provisions specifying the duration of such services, the assignment of personnel of other agencies to provide the services, the determination of the cost of such services, and the transfer, from the lottery operations fund to the agency, of funds sufficient to pay the costs of the services.

Subdivision 1. [BOARD CREATED.] There is created within the division a state lottery board. The board consists of eight members appointed by the governor plus the commissioner as a voting member. The governor must appoint one member to the board from each congressional district. Not more than five of the members appointed by the governor may belong to the same political party and at least four members must reside outside the seven-county metropolitan area. The terms of office, removal from office, and compensation of members of the board, other than the commissioner, are as provided in section 15.059. The members of the board shall select the chair of the board, who shall not be the commissioner.

Subd. 2. [BOARD DUTIES.] The board has the following duties:

- (1) to advise the director on all aspects of the lottery;
- (2) to review and comment on rules and game procedures adopted by the director;
- (3) to review and comment on advertising promulgated by the director at least quarterly to ensure that all advertising is consistent with the dignity of the state and with section 10; and
- (4) to approve additional compensation for the director under subdivision 3.

Subd. 3. [DIRECTOR; ADDITIONAL COMPENSATION.] The board shall adopt objective criteria for evaluating the performance of the director. The criteria must include, but is not limited to, the performance factors in section 3, subdivision 2, paragraph (b), clauses (1) to (4). The board may approve, by majority vote of all members, compensation for the director in addition to the compensation provided under section 15A.081, subdivision 1, based on the director's performance in office as evaluated according to the board's criteria. The additional compensation shall be paid from the lottery operations fund. The board may not approve additional compensation under this subdivision more often than once in a 12-month period.

Sec. 5. [349A.05] [LOTTERY GAME PROCEDURES.]

The director may adopt game procedures governing the following elements of the lottery:

- (1) lottery games;
- (2) ticket prices;
- (3) number and size of prizes;

(4) methods of selecting winning tickets; and

(5) frequency and method of drawings.

The adoption of lottery game procedures is not subject to chapter 14. Before adopting a lottery game procedure, the director shall submit the procedure to the board for its review and comment.

Sec. 6. [349A.06] [RULES.]

The director may adopt rules, including emergency rules, under chapter 14 governing the following elements of the lottery:

(1) the number and types of lottery retailers' locations;

(2) qualifications of lottery retailers and application procedures for lottery retailer contracts;

(3) investigation of lottery retailer applicants;

(4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;

(5) compensation of lottery retailers;

(6) accounting for and deposit of lottery revenues by lottery retailers;

(7) procedures for issuing major procurement contracts and for the investigation of bidders on those contracts;

(8) payment of prizes;

(9) procedures needed to ensure the integrity and security of the lottery; and

(10) other rules the director considers necessary for the efficient operation and administration of the lottery. Before adopting a rule the director shall submit the rule to the board for its review and comment.

Sec. 7. [349A.07] [LOTTERY RETAILERS.]

Subdivision 1. [CONTRACTS.] The director shall sell tickets for the lottery through lottery retailers with whom the director contracts. Contracts under this section are valid for a period of one year.

Subd. 2. [QUALIFICATIONS.] (a) The director may not contract with a retailer who:

(1) is under the age of 18;

(2) is in business solely as a seller of lottery tickets;

(3) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;

(4) is a member of the immediate family, residing in the same household, as the director, board member, or any employee of the division; or

(5) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery.

(b) An organization, firm, partnership, or corporation that has (1) a stockholder who owns more than five percent of the stock of the corporation, or (2) an officer, or director, that does not meet the requirements of paragraph (a), clause (3) is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (3), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individuals whose actions directly contributed to the disqualification under this subdivision.

Subd. 3. [BOND.] The director shall require that each lottery retailer post a bond, in an amount as the director deems necessary, to protect the financial interests of the state.

Subd. 4. [CRIMINAL HISTORY.] The director may request the director of inspection and enforcement to investigate all applicants for lottery retailer contracts to determine their compliance with the requirements of subdivision 2. The director may issue a temporary contract, valid for not more than 90 days, to an applicant pending the completion of the investigation or a final determination of qualifications under this section.

Subd. 5. [RESTRICTIONS ON LOTTERY RETAILERS.] (a) A lottery retailer may sell lottery tickets only on the premises described in the contract.

(b) A lottery retailer must prominently display a certificate issued by the director on the premises where lottery tickets will be sold.

(c) A lottery retailer must keep a complete set of books of account, correspondence, and all other records necessary to show fully the

retailer's lottery transactions, and make them available for inspection by employees of the division at all times during business hours. The director may require a lottery retailer to furnish information as the director deems necessary to carry out the purposes of this chapter, and may require an audit to be made of the books of account and records. The director may select an auditor to perform the audit and may require the retailer to pay the cost of the audit. The auditor has the same right of access to the books of account, correspondence, and other records as is given to employees of the agency.

(d) A contract issued under this section may not be transferred or assigned.

(e) The director shall require that lottery tickets may be sold by retailers only for cash.

Subd. 6. [ON-SALE LIQUOR ESTABLISHMENTS.] The director may not authorize the sale of lottery tickets within establishments licensed to sell alcoholic beverages for consumption on the premises that, within the previous five years of applying to be a lottery retailer, have had a licensed organization conducting lawful gambling on the premises under chapter 349.

Subd. 7. [NONPROFIT ORGANIZATIONS.] The director may not enter into a contract with a nonprofit organization to act as a lottery retailer under this section.

Subd. 8. [RETENTION BY RETAILERS.] The director may by rule provide for:

(1) amounts which a lottery retailer may retain from gross receipts from the sale of lottery tickets in order to pay prizes to holders of winning tickets; and

(2) amounts which a lottery retailer may retain from gross receipts from the sale of lottery tickets as a commission.

Subd. 9. [RETAILER RENTAL PAYMENTS.] If a lottery retailer's rental payments for the business premises are contractually computed, in whole or in part, on the basis of a percentage of retail sales, and the computation of retail sales is not explicitly defined to include the sale of lottery tickets, the compensation retained by the sales agent for the sale of lottery tickets shall be considered the amount of the retail sale for purposes of computing the rental payments.

Subd. 10. [PROCEEDS OF SALES.] All proceeds from the sale of lottery tickets received by a lottery retailer constitute a trust fund until paid to the director. The lottery retailer is personally liable for all proceeds.

Subd. 11. [PRIVATE DATA.] All reports filed by lottery retailers with the director are private data under chapter 13.

Subd. 12. [FEE.] The director may charge a nonrefundable application fee to a person applying for a lottery retailer contract, in an amount sufficient to cover the costs of making the investigation required under subdivision 4. The fee collected under this subdivision must be deposited in the lottery fund.

Subd. 13. [LOCAL LICENSES.] No political subdivision may require a local license to operate as a lottery retailer or impose a tax or fee on the business of operating as a lottery retailer.

Subd. 14. [REVOCAION, SUSPENSION, AND REFUSAL TO RENEW LICENSES.] (a) The director may cancel the contract of any lottery retailer who:

(1) has been convicted of a felony or gross misdemeanor in any federal or state court;

(2) has committed fraud, misrepresentation, or deceit;

(3) has provided false or misleading information to the division; or

(4) has acted in a manner prejudicial to public confidence in the integrity of the lottery.

(b) The director may cancel, suspend, or refuse to renew the contract of any lottery retailer who:

(1) changes business location;

(2) fails to account for lottery tickets received or the proceeds from tickets sold;

(3) fails to remit funds to the director in accordance with the director's rules;

(4) violates a law or a rule or order of the director;

(5) fails to comply with any of the terms in the lottery retailer's contract;

(6) fails to comply with bond requirements under this section;

(7) in the opinion of the director fails to maintain a sufficient sales volume to justify continuation as a lottery retailer; or

(8) has violated section 340A.503, subdivision 2, clause (1), two or more times within a two-year period.

(c) The director may also cancel, suspend, or refuse to renew a lottery retailer's contract if there is a material change in any of the factors considered by the director under subdivision 2.

(d) A contract cancellation, suspension, or refusal to renew under this subdivision is a contested case under sections 14.57 to 14.69 and is in addition to any criminal penalties provided for a violation of law or rule.

(e) The director may temporarily suspend a contract without notice for any of the reasons specified in this subdivision provided that a hearing is conducted within seven days after a request for a hearing is made by a lottery retailer. Within 20 days after receiving the administrative law judge's report, the director shall issue an order vacating the temporary suspension or making any other appropriate order. If no hearing is requested within 30 days of the temporary suspension taking effect, the director may issue an order making the suspension permanent.

Sec. 8. [349A.08] [VENDOR CONTRACTS.]

Subdivision 1. [CONTRACTS AUTHORIZED.] The director may enter into major procurement contracts for the purchase, lease, or lease-purchase of the goods or services that are necessary for the purposes of this chapter. In entering into all major procurement contracts, the director shall utilize an open bid process and shall take into account the particularly sensitive nature of the state lottery and shall consider the competence, quality of product, experience, and timely performance of each potential vendor in order to promote and ensure security, honesty, fairness, and integrity in the operation and administration of the lottery.

Subd. 2. [INVESTIGATION OF POTENTIAL VENDORS.] The director shall request the director of the division of inspection and enforcement to investigate the background, financial responsibility, security, and integrity of any person who submits a bid, proposal, or offer as part of a major procurement contract issuance by the agency. The director may require the person making the bid, proposal, or offer to pay for the cost of the investigation. Any fee collected under this subdivision must be deposited into the state lottery fund. At the time of submitting any bid, proposal, or offer, the bidder shall disclose to the director the information the director considers necessary to carry out the purposes of this section. The director has access to all criminal history data compiled by the division of inspection and enforcement on all vendors and potential vendors who have submitted a bid to the agency.

Subd. 3. [PERSONS INELIGIBLE FOR CONTRACT.] (a) The

director may not enter into a major procurement contract with an applicant that has been convicted of a felony in a state or federal court within the last ten years, has been convicted of a gross misdemeanor or gambling-related misdemeanor within the last five years, or has been found guilty of any crime involving fraud or misrepresentation within the last five years.

(b) The director may not enter into a major procurement contract with an applicant that has (1) a person who owns more than five percent of the stock in the applicant that does not meet the requirements of this subdivision, or (2) a partner, officer, or director that does not meet the requirements of this subdivision.

(c) The restrictions under this subdivision do not apply to an applicant for a major procurement contract if the director determines that the applicant has terminated its relationship with the individuals whose actions directly contributed to the disqualification of the applicant under this subdivision.

Subd. 4. [CONFLICT OF INTEREST.] The director may not enter into a major procurement contract with a person to supply goods or services if that person has an ownership interest in an entity that had supplied consultation services to the lottery regarding the request for proposal pertaining to those particular goods or services.

Subd. 5. [BOND.] (a) The director shall require securities to be deposited, or a performance bond or a letter of credit to be executed by the person or corporation that is awarded a major procurement contract in an amount as determined by the director.

(b) Any securities deposited with the director under this subdivision must be interest-bearing and limited to:

(1) certificates of deposit issued by a solvent bank or savings association organized and existing under the laws of this state or under the laws of the United States and having its principal place of business in this state;

(2) United States bonds, notes, and bills, for which the full faith and credit of the government of the United States is pledged for the payment of principal and interest; and

(3) general obligation bonds of any political subdivision of this state, or corporate bonds of a corporation that is not an affiliate or subsidiary of the vendor, if the general obligation bonds or corporate bonds are rated in one of the four highest classifications by an established nationally-recognized investment rating service.

(c) Any letter of credit executed under this subdivision must provide that:

(1) nothing more than a demand for payment is necessary for payment and is not conditional on the delivery of any other documents or materials;

(2) the letter of credit is irrevocable and cannot be modified or revoked without the consent of the director;

(3) the letter of credit cannot expire without notice from the issuer and the notice must occur at least 60 days before the expiration date of the letter of credit;

(4) the letter of credit is issued by a bank which is a member of the federal reserve system which has a long-term debt rating by a recognized national rating agency of investment grade or better;

(5) the letter of credit is unconditional, is not conditional upon reimbursement to the bank or the bank's ability to perfect any lien or security interest, and does not contain references to any other agreement, document, or entity; and

(6) the letter of credit designates the director as beneficiary.

Subd. 6. [EXEMPTIONS.] Major procurement contracts entered into by the director are not subject to the provisions of sections 16B.06 to 16B.102 or 16B.17, provided that the director must utilize an open and competitive bid process for major procurement contracts, and as nearly as practicable follow the procedures of chapter 16B governing contracts, consistent with the provisions of this section.

Subd. 7. [ASSIGNMENT.] A contract entered into under this section may not be assigned without the specific written approval of the director.

Sec. 9. [349A.09] [LOTTERY PRIZES.]

Subdivision 1. [AGREEMENT BY PLAYERS.] A person who buys a lottery ticket agrees to be bound by the rules applicable to the particular lottery game for which the ticket is purchased. The player acknowledges that the determination of whether a ticket is a valid winning ticket is subject to the rules of the director, claims procedures established by the director for that game, and any confidential or public validation tests established by the director for that game.

Subd. 2. [PRIZES NOT ASSIGNABLE.] A prize in the state lottery is not assignable except as provided in subdivision 3 and except that:

(1) if a prize winner dies before the prize is paid, the director shall pay the prize to the prize winner's estate; and

(2) the director may pay a prize to a person other than the winner of that prize under an appropriate court order.

Subd. 3. [PRIZES WON BY PERSONS UNDER AGE 18.] The following provisions govern the payment of a lottery prize to a person under age 18:

(1) if the prize is less than \$5,000, the director may give a draft, payable to the order of the person under age 18, to the person's parents, custodial parent if one parent has custody, guardian, or other adult member of the person's family; and

(2) if the prize is \$5,000 or more, the director may deposit the prize in a financial institution to the credit of the person's parents, custodial parent if one parent has custody, guardian, or other adult member of the person's family.

Subd. 4. [DISCHARGE OF LIABILITY.] The payment of a prize by the director discharges the director and the state of all liability for the prize.

Subd. 5. [PAYMENT; UNCLAIMED PRIZES.] A prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded. Any prize money not claimed at the end of this period must be added by the director to prize pools of subsequent lottery games and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 13, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section.

Subd. 6. [INSTALLMENT PAYMENTS.] If the director decides to pay all or part of a prize in the form of installments over a period of years, the director shall provide for the payment of all installments by:

(1) entering into a contract with a financially responsible person or firm or by purchasing an annuity to provide for the payment of the installments; or

(2) establishing and maintaining as a separate and independent fund outside the state treasury a reserve account with sufficient funds for the payment of the installments as they become due.

Subd. 7. [PAYMENTS PROHIBITED.] (a) No prize may be paid to a member of the board, the director or an employee of the division, or a member of their families residing in the same household of the member, director, or employee. No prize may be paid to an officer or employee of a vendor which at the time the game or drawing was

being conducted was involved with providing goods or services to the lottery under a major procurement contract.

(b) No prize may be paid for a stolen, altered, or fraudulent ticket.

(c) No prize may be paid to any person under the age of 18 years except in the case of a ticket inherited by a person under the age of 18 years. The director may require evidence of inheritance of the ticket before paying the prize.

Subd. 8. [WITHHOLDING OF DELINQUENT STATE TAXES OR CHILD SUPPORT.] The director shall report the name, address, and social security number of each winner of a lottery prize of \$1,000 or more to the department of revenue to determine whether the person that won the prize is delinquent in payment of state taxes and to the department of human services to determine whether the person is delinquent in court-ordered payment of child support. If the person is delinquent in payment of state taxes or court-ordered child support, the director shall withhold the delinquent amount from the person's prize for remittance to the department of revenue or to the appropriate person. If the winner of a prize is delinquent both in payments of state taxes and court-ordered child support, the amount remitted to the department of revenue or to the appropriate person shall be in proportion to the prize amount as is the amount owed by the winner.

Subd. 9. [PERSONAL DATA ON WINNERS.] At the request of any person winning a lottery prize of \$50,000 or more, the director shall classify all personal data on that person in the director's records as private data.

Sec. 10. [349A.10] [LOTTERY ADVERTISING.]

Subdivision 1. [ODDS; REQUIRED INFORMATION.] The director shall include on each brochure, pamphlet, booklet, or other similar material the director publishes to promote or explain any lottery game, a prominent and clear statement of the chances of winning each prize offered in that lottery game. Each lottery retailer must post prominently at or near the point of ticket sale a notice or notices printed and provided by the director of the odds of winning each prize in each game for which the lottery retailer sells tickets.

Each publication and notice required under this subdivision must contain a prominent statement substantially setting out the restrictions in section 349A.09, subdivision 7, on payment of prizes to persons under the age of 18 years.

Subd. 2. [CONTENT OF ADVERTISING.] (a) Advertising and promotional materials for the lottery adopted or published by the

director must be consistent with the dignity of the state and may only:

(1) present factual information on how lottery games are played, prizes offered, where and how tickets may be purchased, and odds on the games advertised;

(2) identify state programs supported by lottery net revenues;

(3) present the lottery as a form of entertainment or recreation; or

(4) state the winning numbers or identity of winners of lottery prizes.

(b) The director may not adopt or publish any advertising for the lottery which:

(1) presents directly or indirectly any lottery game as a potential means of relieving any person's financial or economic difficulties;

(2) is specifically targeted with the intent to exploit specific groups or economic classes of people; or

(3) presents the purchase of a lottery ticket as a financial investment.

Subd. 3. [PRIZES; REQUIRED INFORMATION.] The director must include, in any publication or print advertising which refers to a prize which is or may be paid in installments, a statement to the effect that the prize will be or may be paid in installments.

Sec. 11. [349A.11] [LOTTERY FUNDS.]

Subdivision 1. [STATE LOTTERY FUND.] The director shall establish a state lottery fund outside the state treasury. The fund consists of all money received by the director from the sale of lottery tickets and from the issuance of lottery retailer contracts, and all other money credited or transferred to it by law, except for money set aside and deposited in the lottery prize fund under subdivision 2.

Subd. 2. [DEPOSIT IN PRIZE FUND.] The director shall establish a lottery prize fund outside the state treasury. The fund consists of all money deposited in it under this subdivision and all interest earned thereon. The director shall deposit in the lottery prize fund, from gross receipts from the sale of lottery tickets for games other than games which require on-line computer terminal connections, an amount sufficient to pay lottery prizes from the lottery prize fund according to the following percentages:

(1) for games which require on-line terminal connections, the prizes paid in any fiscal year must equal as nearly as practicable an amount determined by the director which shall be not less than 50 percent nor more than 70 percent of gross revenues to the state lottery fund in that fiscal year;

(2) for games which do not require on-line terminal connections, the prizes paid in any fiscal year must equal as nearly as practicable 70 percent of the gross revenues to the state lottery fund in that fiscal year.

Subd. 3. [LOTTERY OPERATIONS.] (a) The director shall establish a lottery operations fund outside the state treasury. The director shall from time to time transfer from the state lottery fund to the lottery operations fund amounts sufficient to pay the operating costs of the lottery.

(b) The director may not transfer in any fiscal year amounts to the lottery operations fund which when totaled exceed 15 percent of total revenue to the state lottery fund in that year. In computing total amounts transferred to the lottery operations fund under this paragraph the director may disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation.

Subd. 4. [DEPOSIT OF RECEIPTS.] (a) The director may require lottery retailers to:

(1) deposit in a separate account to the credit of the state lottery fund, in banks designated by the director, all money received by the lottery retailer from the sale of lottery tickets, less money retained as the lottery retailer's commission and for payment of prizes;

(2) file with the director reports of the lottery retailer's receipts and transactions in ticket sales in a form that the director prescribes; and

(3) allow money deposited by the lottery retailer from the sale of lottery tickets to be transferred to the agency through electronic fund transfer.

(b) The director may make arrangements for any person, including a financial institution, to perform functions, activities, or services in connection with the receipt and distribution of lottery revenues.

(c) A lottery retailer who fails to pay any money due to the director within the time prescribed by the director shall pay interest on the amount owed at the rate determined by rule.

Subd. 5. [DEPOSIT OF NET PROCEEDS.] At the end of each month, the director shall determine and pay to the state treasurer the net proceeds of the lottery after transfers to the lottery prize fund and the lottery operations fund. Net proceeds must be determined by deducting from gross receipts to the lottery for that month and interest earned by the lottery:

- (1) total prizes paid out in that month;
- (2) an amount the director determines to be reasonably required to pay future prize obligations resulting from lottery drawings in that month;
- (3) the value of lottery tickets returned or canceled;
- (4) an amount sufficient to pay costs incurred for the operation and administration of the lottery;
- (5) payments made for the purchase and promotion of lottery games and game-related services; and
- (6) payments made to lottery retailers.

Sec. 12. [349A.12] [CONFLICT OF INTEREST.]

(a) The director, a board member, an employee of the division, a member of the immediate family of the director, board member, or employee residing in the same household may not:

- (1) purchase a lottery ticket;
- (2) have any personal pecuniary interest in any vendor contracting with the state to supply services or gaming equipment or materials for use in the operation of the lottery, or in any lottery retailer; or
- (3) receive any gift, gratuity, or other thing of value, excluding food or beverage, from any lottery vendor or lottery retailer, or person applying to be a retailer or vendor, in excess of \$100 in any calendar year. A violation of clause (1) is a misdemeanor. A violation of clause (2) or (3) is a gross misdemeanor.

(b) The director or an unclassified employee of the division may not, within one year of terminating employment with the division, accept employment with, act as an agent or attorney for, or otherwise represent any person, corporation, or entity that had any major procurement contract or bid for a major procurement contract with the division within a period of two years prior to the termination of their employment. A violation of this paragraph is a misdemeanor.

Sec. 13. [349A.13] [PROHIBITED ACTS.]

Subdivision 1. [PURCHASE BY MINORS.] A person under the age of 18 years may not buy a ticket in the state lottery.

Subd. 2. [SALE TO MINORS.] A lottery retailer may not knowingly sell a ticket in the state lottery to any person under the age of 18 years.

Subd. 3. [PROHIBITED SALES.] (a) A person other than a lottery retailer may not sell a ticket in the state lottery.

(b) A lottery retailer may not sell a ticket for a price other than the price set by the director.

Subd. 4. [FRAUDULENT TICKETS.] A person may not:

(1) counterfeit or alter a state lottery ticket with intent to make a fraudulent claim for payment;

(2) knowingly present a counterfeit or altered state lottery ticket for payment;

(3) knowingly transfer a counterfeit or altered state lottery ticket to another person to present for payment; or

(4) conspire, aid, abet, or agree to aid another person or persons to claim a lottery prize by means of fraud, deceit, or misrepresentation.

Subd. 5. [FALSE STATEMENTS.] A person may not:

(1) make a false or misleading statement in a book or record required to be submitted under this chapter;

(2) willfully refuse to produce for inspection when required under this chapter a book, record, or document required to be maintained; or

(3) make a false or misleading statement in information submitted to the director in a lottery retailer's application or a document related to a bid.

Subd. 6. [ILLEGAL ACCESS.] (a) A person may not obtain access to a computer data base maintained by the director without the specific authorization of the director.

(b) A person may not obtain access to a computer data base maintained by a person under contract with the director to maintain

the data base without the specific authorization of the director and the person maintaining the data base.

(c) A person may not attempt to violate paragraph (a) or (b), or conspire with, aid, abet, or agree to aid another person to violate or attempt to violate paragraph (a) or (b).

Subd. 7. [LOTTERY RETAILERS AND VENDORS.] A person who is a lottery retailer, or is applying to be a lottery retailer, a person applying for a contract with the director, or a person under contract with the director to supply lottery games, equipment, or services may not pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food or beverage, having an aggregate value of over \$100 in any calendar year to the commissioner, the director, board member, employee of the lottery division, employee of the department of gaming as security or enforcement personnel, or to a member of the immediate family residing in the same household as that person.

Subd. 8. [VIOLATION OF RULE.] A person may not violate a rule of the director adopted under this chapter.

Subd. 9. [EXCEPTIONS.] Nothing in this chapter prohibits giving a state lottery ticket as a gift.

Subd. 10. [VIOLATIONS.] Violation of subdivision 1 or 2 is a misdemeanor. Violation of subdivision 3, 7, or 8 is a gross misdemeanor. Violation of subdivision 4, 5, or 6 is a felony.

Sec. 14. [349A.14] [RESTRICTIONS.]

Nothing in this chapter:

(1) authorizes the director to conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under chapter 240;

(2) authorizes the director to install or operate a lottery device operated by coin or currency which when operated determines the winner of a game; and

(3) authorizes the director to sell pull-tabs as defined under section 349.12, subdivision 10.

Sec. 15. [349A.15] [CONTRIBUTIONS TO POLITICAL CANDIDATES.]

On and after July 1, 1992, no person or organization may be selected to provide auditing services or a major procurement item to the lottery division if the person, organization, an officer of the

organization, or a political action committee of or supported by the organization contributed to any candidate for political office in Minnesota state government within the three years preceding the contract award. On and after the effective date of this section, no person or organization selected to provide these services or items to the lottery division, or its officers or political action committee, may make the political contributions described in this section during the period of the contract or for three years after the contract has been performed.

Sec. 16. [349A.16] [AUDIT.]

The director shall contract for an annual certified audit of all accounts and transactions of the lottery. The audit must be conducted by a certified public accountant in accordance with generally accepted accounting standards. The director shall file a copy of each audit report of the lottery with the governor and the legislature.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective the day following final enactment.

ARTICLE 4

DEPARTMENT OF GAMING

Section 1. Minnesota Statutes 1988, section 15.06, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] This section applies to the following departments or agencies: the departments of administration, agriculture, commerce, corrections, jobs and training, education, employee relations, trade and economic development, finance, gaming, health, human rights, labor and industry, natural resources, public safety, public service, human services, revenue, transportation, and veterans affairs; the housing finance, state planning, and pollution control agencies; the office of commissioner of iron range resources and rehabilitation; the bureau of mediation services; and their successor departments and agencies. The heads of the foregoing departments or agencies are "commissioners."

Sec. 2. [349B.01] [DEPARTMENT OF GAMING CREATED; COMMISSIONER.]

Subdivision 1. [DEPARTMENT CREATED.] A department of gaming is created under the supervision of a commissioner of gaming, which office is established. The commissioner of gaming is appointed by the governor with the advise and consent of the senate. The commissioner shall create within the department divisions of pari-mutuel racing, charitable gambling, and state lottery.

Subd. 2. [DUTIES OF COMMISSIONER.] The duties of the commissioner are:

(1) subject to the provisions of article 3, section 3, subdivision 1, appoint directors of the three divisions;

(2) to sit as a voting member of the Minnesota racing commission, the charitable gambling control board, and the state lottery board;

(3) to study the extent and status of legal and illegal gambling in Minnesota, and social, economic, and legal problems which may result from legal and illegal gambling;

(4) to ensure that all boards and commissions the commissioner is a member of take and maintain complete and accurate records of their proceedings; and

(5) to report annually to the governor and legislature on the activities of the department including studies under clause (2), and recommended changes in laws dealing with legal and illegal gambling.

Subd. 3. [EMPLOYEES.] The commissioner shall appoint and assign duties to employees as the commissioner deems necessary to carry out the duties specified in subdivision 2.

Subd. 4. [SUBPOENA POWER.] The commissioner has the same authority to issue subpoenas as is granted to the Minnesota racing commission, the directors of each division of the department, and the commissioner of revenue, under chapters 240, 349, 349A, and 349C.

Sec. 3. [349B.02] [COMMISSIONER; CONFLICT OF INTEREST.]

No person may be appointed or serve as commissioner of gaming who has any personal pecuniary interest in any corporation, association, or partnership which:

(1) has been issued a lottery retailer contract;

(2) is a vendor of goods or services to the state lottery or to a holder of a class A or B license issued by the Minnesota racing commission;

(3) holds a license issued by the Minnesota racing commission;

(4) holds a distributor, manufacturer, or bingo hall license issued by the charitable gambling control board.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment.

ARTICLE 5

DIVISION OF INSPECTION AND ENFORCEMENT

Section 1. [299K.01] [DEFINITIONS.]

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

Subd. 2. [DIVISION.] "Division" is the division of inspection and enforcement in the department of public safety.

Subd. 3. [DEPARTMENT.] "Department" is the department of public safety.

Subd. 4. [DIRECTOR.] "Director" is the director of the division of inspection and enforcement.

Subd. 5. [COMMISSIONER.] "Commissioner" is the commissioner of public safety.

Sec. 2. [299K.02] [DIVISION OF INSPECTION AND ENFORCEMENT.]

Subdivision 1. [DIVISION.] A division of inspection and enforcement is created in the department of public safety under the control and supervision of the director of inspection and enforcement who shall be appointed by the commissioner of public safety. The director must be qualified by experience in law enforcement to act as the director.

Subd. 2. [REMOVAL.] The director serves at the pleasure of the commissioner in the unclassified service.

Subd. 3. [EMPLOYEES.] The director may employ other persons as necessary to carry out the director's powers and duties under this chapter. All professional employees, as defined under section 179A.03, subdivision 13, of the division of inspection and enforcement are in the unclassified service. The director shall request that the bureau of criminal apprehension perform background checks on all persons seeking employment with the division.

Sec. 3. [299K.03] [DUTIES OF DIRECTOR.]

Subdivision 1. [LOTTERY.] (a) The director shall conduct background checks on employees of the state lottery, lottery retailers,

and successful bidders of major procurement contracts with the lottery.

(b) Whenever the director believes it to be necessary or when so requested by the director of the state lottery, the director shall conduct investigations of lottery retailers, applicants for lottery retailer contracts, suppliers of goods or services to the state lottery, and persons bidding on contracts for goods or services with the state lottery.

(c) The director shall conduct an annual security audit of the state lottery, or arrange for such an audit by an outside agency or person, firm, or corporation. The director shall report to the state lottery board and the director of the lottery on the results of the audit.

(d) Whenever the director believes it to be necessary or when so requested by the director of the state lottery, the director shall conduct inspections of the premises of any lottery retailer or the activities of any lottery retailer to determine the retailer's compliance with applicable laws and rules and orders of the director of the state lottery.

(e) Whenever the director believes it to be necessary or when so requested by the director of the state lottery, the director shall conduct an audit of any lottery retailer's accounts, books, records, or other documents the agent is required to keep.

Subd. 2. [CHARITABLE GAMBLING.] The director shall:

(1) conduct background investigations of applicants for licensing as a manufacturer or distributor of gambling equipment or as a bingo hall under chapter 349; and

(2) when the director believes it to be necessary or when so requested by the charitable gambling control board or the director of the board, the director shall inspect the premises of a licensee under chapter 349 to determine compliance with law and with the rules of the board, or to conduct an audit of the accounts, books, records, or other documents required to be kept by the licensee.

Subd. 3. [HORSE RACING INVESTIGATIONS.] (a) The director shall conduct background investigations as provided by law on all applicants for licenses issued by the Minnesota racing commission.

(b) Whenever the director believes it to be necessary or when so requested by the Minnesota racing commission or the executive director of the racing commission, the director shall investigate the activities of a licensee of the commission to determine the licensee's compliance with law and with rules of the commission.

Subd. 4. [OTHER GAMBLING.] The director shall cooperate with all state and local agencies in the detection and apprehension of unlawful gambling.

Subd. 5. [BACKGROUND CHECKS.] In any background check required to be conducted by the director under chapter 240, 349, or 349A, the director may require that fingerprints be taken and the director may forward the fingerprints to the Federal Bureau of Investigation for the conducting of a national criminal history check.

Sec. 4. [299K.04] [POWERS OF DIRECTOR.]

Subdivision 1. [INSPECTIONS; ACCESS.] In conducting any inspection authorized under chapter 240, 349, or 349A, the director has free and open access to all parts of the regulated business premises, and may conduct the inspection at any reasonable time without notice and without a search warrant. For purposes of this subdivision, "regulated business premises" means premises where:

(1) lawful gambling is conducted by an organization licensed under chapter 349 or by an organization exempt from licensing under section 349.214;

(2) gambling equipment is manufactured, sold, distributed, or serviced by a manufacturer or distributor licensed under chapter 349;

(3) records required to be maintained under chapter 240, 349, or 349A are prepared or retained;

(4) lottery tickets are sold by a lottery retailer under chapter 340A; or

(5) races are conducted by a person licensed under chapter 240.

Subd. 2. [ITEMS REQUIRED TO BE PRODUCED.] In conducting an audit or inspection authorized under chapter 240, 349, or 349A, the director may inspect any book, record, or other document the licensee, retailer, or vendor is required to keep.

Subd. 3. [SUBPOENA POWER.] The director may issue subpoenas to compel the attendance of witnesses and the production of documents, books, records, and other evidence relating to any investigation or audit the director is authorized to conduct.

Subd. 4. [ACCESS TO CRIMINAL HISTORY.] The director has access to all criminal history data compiled by the bureau of criminal apprehension on any person licensed under contract with the state lottery, racing commission, or the charitable gambling

control board, or any applicant for licensing or a person who has submitted a bid on a gambling contract.

Subd. 5. [ARREST POWERS.] The director may designate certain employees who are authorized to arrest or investigate any person who is suspected of violating any provision of chapter 240, 349, or 349A, or is suspected of committing any crime involving gambling, and to conduct searches and seizures to enforce any of those laws. Any employee authorized by this subdivision to make an arrest must be licensed under sections 626.84 to 626.863.

Subd. 6. [UNLICENSED SELLERS.] (a) If anyone not licensed under chapter 349 sells gambling equipment at a business establishment, the director may, in addition to any other provisions of chapter 349:

(1) assess a civil penalty of not more than \$300 against each person participating in the sales and assess a civil penalty of not more than \$1,000 against the owner or owners of the business establishment; or

(2) if the subject violation is the second or subsequent violation of this subdivision at the same business establishment within any 24-month period, assess a civil penalty of not more than \$300 against each person participating in such sales, and assess a civil penalty of not more than \$5,000 against the owner or owners of the business establishment.

(b) The assessment of a civil penalty under this section does not preclude a recommendation by the director at any time deemed appropriate to a licensing authority for revocation, suspension, or denial of a license controlled by the licensing authority.

(c) Within ten days of an assessment under this subdivision, the person assessed the penalty must pay the assessment or request that a hearing be held under chapter 14. If a hearing is requested, the hearing must be scheduled within 20 days of the request, and the recommendations of the administrative law judge must be issued within five working days of the close of the hearing. The commissioner of public safety must issue a final order within five working days of the issuance of the recommendations of the administrative law judge.

Subd. 7. [OTHER POWERS.] Nothing in this chapter limits the authority of the director to exercise any other power specified under chapter 240, 349, or 349A.

Subd. 8. [RULEMAKING.] The commissioner of public safety may adopt rules under chapter 14 to carry out the director's duties under this chapter.

Sec. 5. [299K.05] [CONFLICT OF INTEREST.]

Subdivision 1. [INTEREST.] The commissioner of public safety, the director, and any person employed by the division of inspection and enforcement may not hold a Class C license issued by the racing commission or have a direct or indirect financial interest in:

- (1) a class A or B licensee of the racing commission;
- (2) a lottery retailer under contract with the state lottery;
- (3) a person who is under a major procurement contract with the state lottery; or
- (4) a bingo hall, manufacturer, or distributor licensed under chapter 349.

Subd. 2. [CHARITABLE GAMBLING.] The director or an employee of the division may not participate in the conducting of lawful gambling under chapter 349.

Sec. 6. [299K.06] [GAMBLING VIOLATIONS; RESTRICTIONS ON FURTHER ACTIVITY.]

An owner of an establishment is prohibited from having lawful gambling under chapter 349 conducted on the premises, selling any lottery tickets under chapter 349A, or having a video game of chance as defined under section 349.50 located on the premises, if a person was convicted of violating section 609.76, subdivision 1, clause (7); 609.76, subdivision 2; or any provision of chapter 349, for an activity occurring on the owner's premises.

Sec. 7. Minnesota Statutes 1988, section 609.76, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANORS.] Whoever does any of the following may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both:

- (1) maintains or operates a gambling place or operates a bucket shop;
- (2) intentionally participates in the income of a gambling place or bucket shop;
- (3) conducts a lottery, or, with intent to conduct a lottery, possesses facilities for doing so;
- (4) sets up for use for the purpose of gambling, or collects the proceeds of, any gambling device or bucket shop;

(5) with intent that it shall be so used, manufactures, sells or offers for sale, in whole or any part thereof, any gambling device including those defined in section 349.30, subdivision 2, and any facility for conducting a lottery, except as provided by section 349.40; ~~or~~

(6) receives, records, or forwards bets or offers to bet or, with intent to receive, record, or forward bets or offers to bet, possesses facilities to do so; or

(7) pays any compensation for game credits earned on or otherwise rewards players of video games of chance as defined under section 349.50, subdivision 8.

Sec. 8. Minnesota Statutes 1988, section 626.05, subdivision 2, is amended to read:

Subd. 2. The term "peace officer" as used in sections 626.04 to 626.17 means a sheriff, deputy sheriff, police officer, constable, agent of the bureau of criminal apprehension, agent of the division of inspection and enforcement, or University of Minnesota peace officer.

Sec. 9. Minnesota Statutes 1988, section 626.13, is amended to read:

626.13 [SERVICE, PERSONS MAKING.]

A search warrant may in all cases be served by any of the officers mentioned in its directions, but by no other person, except in aid of the officer on the officer's requiring it, the officer being present and acting in its execution. If the warrant is to be served by an agent of the bureau of criminal apprehension or an agent of the division of inspection and enforcement, the agent shall notify the chief of police of an organized full-time police department of the municipality or, if there is no such local chief of police, the sheriff or a deputy sheriff of the county in which service is to be made prior to execution.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 6, 8, and 9 are effective July 1, 1989. Section 7 is effective July 1, 1989, and applies to crimes committed on or after that date.

ARTICLE 6

MISCELLANEOUS

Section 1. Minnesota Statutes 1988, section 10A.01, subdivision 18, is amended to read:

Subd. 18. "Public official" means any:

- (a) member of the legislature;
- (b) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (c) member, chief administrative officer or deputy chief administrative officer of a state board or commission which has at least one of the following powers: (i) the power to adopt, amend or repeal rules, or (ii) the power to adjudicate contested cases or appeals;
- (d) commissioner, deputy commissioner or assistant commissioner of any state department as designated pursuant to section 15.01;
- (e) individual employed in the executive branch who is authorized to adopt, amend or repeal rules or adjudicate contested cases;
- (f) executive director of the state board of investment;
- (g) executive director of the Indian affairs intertribal board;
- (h) commissioner of the iron range resources and rehabilitation board;
- (i) director of mediation services;
- (j) deputy of any official listed in clauses (e) to (i);
- (k) judge of the workers' compensation court of appeals;
- (l) administrative law judge or compensation judge in the state office of administrative hearings or hearing examiner in the department of jobs and training;
- (m) solicitor general or deputy, assistant or special assistant attorney general;
- (n) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher or attorney in the office of senate research, senate counsel, or house research; or
- (o) member or chief administrative officer of the metropolitan council, regional transit board, metropolitan transit commission, metropolitan waste control commission, metropolitan parks and open spaces commission, metropolitan airports commission or metropolitan sports facilities commission;

(p) the commissioner of gaming and director of each division in the department of gaming; or

(q) director of the division of inspection and enforcement in the department of public safety.

Sec. 2. Minnesota Statutes 1988, section 10A.09, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR FILING.] Except for a candidate for elective office in the judicial branch, an individual shall file a statement of economic interest with the board:

(a) Within 60 days of accepting employment as a public official;

(b) Within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective public office;

(c) In the case of a public official requiring the advice and consent of the senate, within 14 days after undertaking the duties of office; or

(d) In the case of members of the Minnesota racing commission, ~~and its executive secretary, the director of the division of pari-mutuel racing of the department of gaming,~~ chief of security, medical officer, inspector of pari-mutuels and stewards employed or approved by the commission or persons who fulfill those duties under contract, within 60 days of accepting or assuming duties.

Sec. 3. Minnesota Statutes 1988, section 15A.081, subdivision 1, is amended to read:

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

Salary Range

Effective

July 1, 1987

\$57,500-\$78,500

Commissioner of finance;
Commissioner of education;
Commissioner of transportation;
Commissioner of human services;
Commissioner of revenue;

Commissioner of public safety;
Executive director, state board of investment;
Commissioner of gaming;
Director of the state lottery;

\$50,000-\$67,500

Commissioner of administration;
Commissioner of agriculture;
Commissioner of commerce;
Commissioner of corrections;
Commissioner of jobs and training;
Commissioner of employee relations;
Commissioner of health;
Commissioner of labor and industry;
Commissioner of natural resources;
Commissioner of public safety;
Commissioner of trade and economic development;
Chair, waste management board;
Chief administrative law judge; office of
administrative hearings;
Commissioner, pollution control agency;
Commissioner, state planning agency;
Executive director, housing finance agency;
Executive director, public employees retirement association;
Executive director, teacher's retirement association;
Executive director, state retirement system;
Chair, metropolitan council;
Chair, regional transit board;

\$42,500-\$60,000

Commissioner of human rights;
Commissioner, department of public service;
Commissioner of veterans' affairs;
Commissioner, bureau of mediation services;
Commissioner, public utilities commission;
Member, transportation regulation board;
Ombudsman for corrections;
Ombudsman for mental health and retardation.

Sec. 4. Minnesota Statutes 1988, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the departments of administration; agriculture; commerce; corrections; jobs and training; education; employee relations; trade and economic development; finance; gaming; health; human rights; labor and industry; natural resources; office of administrative hearings; public safety; public service; human services; revenue; transportation; and veterans affairs; the housing finance, state planning, and pollution control agencies; the state board of investment; the waste manage-

ment board; the offices of the secretary of state, state auditor, and state treasurer; the state board of vocational technical education; the school and resource center for the arts; and the Minnesota zoological board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with the governor and the agency head, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 5. Minnesota Statutes 1988, section 340A.410, subdivision 5, is amended to read:

Subd. 5. [GAMBLING PROHIBITED.] (a) No retail establishment licensed to sell alcoholic beverages may keep, possess, or operate, or permit the keeping, possession, or operation on the licensed premises of dice or any gambling device as defined in section 349.30, or permit gambling therein except as provided in this subdivision.

(b) Gambling equipment may be kept or operated and raffles conducted on licensed premises and adjoining rooms when the use of the gambling equipment is authorized under chapter 349.

(c) Lottery tickets may be purchased and sold within the licensed premises as authorized by the director of the lottery under chapter 349A.

Sec. 6. Minnesota Statutes 1988, section 541.20, is amended to read:

541.20 [RECOVERY OF MONEY LOST.]

Every person who, by playing at cards, dice, or other game, or by betting on the hands or sides of such as are gambling, shall lose to any person so playing or betting any sum of money or any goods, and pays or delivers the same, or any part thereof, to the winner, may sue for and recover such money by a civil action, before any court of competent jurisdiction. For purposes of this section, gambling shall not include pari-mutuel wagering conducted under a license issued pursuant to chapter 240, purchase or sale of tickets in the state lottery, or gambling authorized under ~~chapter~~ chapters 349A and 349.

Sec. 7. Minnesota Statutes 1988, section 541.21, is amended to read:

541.21 [COMMITMENTS FOR GAMBLING DEBT VOID.]

Every note, bill, bond, mortgage, or other security or conveyance in which the whole or any part of the consideration shall be for any money or goods won by gambling or playing at cards, dice, or any other game whatever, or by betting on the sides or hands of any person gambling, or for reimbursing or repaying any money knowingly lent or advanced at the time and place of such gambling or betting, or lent and advanced for any gambling or betting to any persons so gambling or betting, shall be void and of no effect as between the parties to the same, and as to all persons except such as hold or claim under them in good faith, without notice of the illegality of the consideration of such contract or conveyance. The provisions of this section shall not apply to pari-mutuel wagering conducted under a license issued pursuant to ~~chapter~~ chapters 240 and 349 or purchase of tickets in the state lottery under chapter 349A.

Sec. 8. Minnesota Statutes 1988, section 609.75, subdivision 3, is amended to read:

Subd. 3. [WHAT ARE NOT BETS.] The following are not bets:

(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants

in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of equipment or the conduct of a raffle under sections 349.11 to 349.22, by an organization licensed by the charitable gambling control board or an organization exempt from licensing under section 349.214.

(7) Pari-mutuel betting on horse racing when the betting is conducted under chapter 240.

(8) The purchase and sale of state lottery tickets under chapter 349A.

Sec. 9. Minnesota Statutes 1988, section 609.761, is amended to read:

609.761 [OPERATIONS PERMITTED.]

Subdivision 1. [LAWFUL GAMBLING.] Notwithstanding sections 609.755 and 609.76, an organization may conduct lawful gambling as defined in section 349.12, if authorized under chapter 349, and a person may manufacture, sell, or offer for sale a gambling device to an organization authorized under chapter 349 to conduct lawful gambling, and pari-mutuel betting on horse racing may be conducted under chapter 240.

Subd. 2. [STATE LOTTERY.] Sections 609.755 and 609.76 do not prohibit the operation of the state lottery or the sale, possession, or purchase of tickets for the state lottery under chapter 349A.

Sec. 10. Minnesota Statutes 1988, section 626.84, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 626.84 to 626.863, the following terms have the meanings given them:

(a) "Board" means the board of peace officer standards and training.

(b) "Director" means the executive director of the board.

(c) "Peace officer" means an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the board, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest, and shall also include the Minnesota state patrol, agents of the division of inspection and enforcement, and state conservation officers.

(d) "Constable" has the meaning assigned to it in section 367.40.

(e) "Deputy constable" has the meaning assigned to it in section 367.40.

(f) "Part-time peace officer" means an individual licensed by the board whose services are utilized by law enforcement agencies no more than an average of 20 hours per week, not including time spent on call when no call to active duty is received, calculated on an annual basis, who has either full powers of arrest or authorization to carry a firearm while on active duty. The term shall apply even though the individual receives no compensation for time spent on active duty, and shall apply irrespective of the title conferred upon the individual by any law enforcement agency. The limitation on the average number of hours in which the services of a part-time peace officer may be utilized shall not apply to a part-time peace officer who has formally notified the board pursuant to rules adopted by the board of the part-time peace officer's intention to pursue the specialized training for part-time peace officers who desire to become peace officers pursuant to sections 626.843, subdivision 1, clause (g) and 626.845, subdivision 1, clause (g).

(g) "Reserve officer" means an individual whose services are utilized by a law enforcement agency to provide supplementary assistance at special events, traffic or crowd control, and administrative or clerical assistance. A reserve officer's duties do not include enforcement of the general criminal laws of the state, and the officer does not have full powers of arrest or authorization to carry a firearm on duty.

(h) "Law enforcement agency" means a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective the day following final enactment, except that the provisions of section 3 relating to the commissioner of public safety are effective July 1, 1989.

ARTICLE 7
APPROPRIATIONS

Section 1. [DEPARTMENT OF GAMING.]

(a) \$384,000 is appropriated from the general fund to the commissioner of gaming for the purposes of carrying out article 4. Of this amount \$14,000 is from the general fund for the fiscal year ending June 30, 1989, \$182,000 is from the general fund for the fiscal year ending June 30, 1990, and \$188,000 is from the general fund for the fiscal year ending June 30, 1991. The director of the state lottery shall by June 30, 1990, transfer from the lottery operations fund to the general fund in addition to any other transfers required by law \$188,000 to reimburse the general fund for the appropriation to the commissioner for fiscal year 1991. If the appropriation in either year of the 1990-1991 biennium is insufficient the appropriation for the other year is available.

(b) The approved complement of the department, in addition to the complements established by law for each of its divisions, is three positions.

Sec. 2. [LOTTERY DIVISION.]

\$8,500,000 is appropriated from the general fund to the director of the division of state lottery for the purposes of article 3. This appropriation must be repaid from the state lottery fund, with interest at the average monthly rate on invested treasurer's cash, not later than June 30, 1990.

Sec. 3. [CHARITABLE GAMBLING CONTROL.]

(a) The 13 positions relating to the responsibility for processing license applications under Minnesota Statutes, chapter 349, are transferred from the commissioner of revenue to the division of charitable gambling control under Minnesota Statutes, section 15.039.

(b) The commissioner of finance shall transfer to the division of charitable gambling control, from the appropriations made by law to the commissioner of revenue for the 1990-1991 biennium for charitable gambling activities, amounts necessary for the board to carry out the responsibilities of Minnesota Statutes, section 349.11 to 349.23.

(c) Reorganization order no. 152 of the commissioner of administration is void.

Sec. 4. [PARI-MUTUEL RACING.]

(a) The amounts appropriated by law to the Minnesota racing commission for the fiscal years 1990 and 1991 are transferred to the commissioner of gaming for the purposes of carrying out the duties assigned to the division of pari-mutuel racing in article 1.

(b) The authorized complement of the Minnesota racing commission is transferred to the division of pari-mutuel racing.

Sec. 5. [DEPARTMENT OF PUBLIC SAFETY.]

(a) The two positions relating to the responsibility for auditing and investigation of charitable gambling under Minnesota Statutes, chapter 349, except for the responsibility for auditing tax returns are transferred from the commissioner of revenue to the commissioner of public safety under Minnesota Statutes, section 15.039.

(b) \$568,000 is appropriated from the general fund to the commissioner of public safety to implement article 5, sections 1 to 5. \$193,000 is for the fiscal year ending June 30, 1990, and \$375,000 is for the fiscal year ending June 30, 1991. The approved complement of the department of public safety is increased by five positions in the fiscal year ending June 30, 1990, and by an additional five positions in the fiscal year ending June 30, 1991. Three of the five additional positions in the fiscal year ending June 30, 1991, and six of the ten additional positions in the fiscal year ending June 30, 1991, must be used to employ persons who are licensed under Minnesota Statutes, sections 626.84 to 626.863.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment. Sections 3 to 5 are effective July 1, 1989.

ARTICLE 8

COMPULSIVE GAMBLING

Section 1. [245.98] [COMPULSIVE GAMBLING TREATMENT PROGRAM.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "compulsive gambler" means a person who is chronically and progressively preoccupied with gambling and with the urge to gamble to the extent that the gambling behavior compromises, disrupts, or damages personal, family, or vocational pursuits.

Subd. 2. [PROGRAM.] The commissioner of human services shall establish a program for the treatment of compulsive gamblers. The commissioner may contract with a nonprofit entity with expertise regarding the treatment of compulsive gambling to operate the

program. The program may include the establishment of a statewide toll-free number, resource library, public education programs; regional in-service training programs and conferences for health care professionals, educators, treatment providers, employee assistance programs, and criminal justice representatives; and the establishment of certification standards for programs and service providers. The commissioner may enter into agreements with other governmental or nonprofit entities and may employ or contract with consultants to facilitate the provision of these services or the training of individuals to qualify them to provide these services. The program may also include inpatient and outpatient treatment and rehabilitation services and research studies. The research studies must include baseline and prevalence studies for adolescents and adults to identify those at the highest risk. The program must be approved by the commissioner before it is established, as an expense of the state lottery and deducted from the gross receipts of the lottery prior to determination of net proceeds.

Subd. 3. [REPORT.] The commissioner must report annually to the legislature by January 15 of each year of the manner in which the program to treat and prevent compulsive gamblers is being implemented.

Subd. 4. [APPROPRIATION.] \$300,000 in fiscal year 1990 and \$300,000 in fiscal year 1991 is appropriated from the general fund to the commissioner of human services to implement the compulsive gambling treatment program under this section.

\$100,000 in fiscal year 1990 and \$100,000 in fiscal year 1991 must be subtracted from the amount that would otherwise be deposited in the lottery operations fund and shall be deposited in the general fund for the costs incurred for the compulsive gambling program under this section.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1989."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 189, A bill for an act relating to appropriations; appropriating money for the Minnesota AeroSpace Exploratorium.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [APPROPRIATIONS; GEORGE "PINKY" NELSON SPACE CENTER.]

\$50,000 in fiscal year 1990 is appropriated from the general fund to the commissioner of administration for a grant to Kandiyohi county for the development of the George "Pinky" Nelson space center. The grant must be matched with at least an equal amount of nonstate money. The commissioner of finance shall verify that the grant money has been matched prior to the release of the grant money to the county.

The purpose of the George "Pinky" Nelson space center is to provide a learning center containing exhibits and providing programs about Minnesota's involvement in America's space endeavors."

Amend the title as follows:

Page 1, delete line 3, and insert "a grant to Kandiyohi county for the George "Pinky" Nelson space center."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 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 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.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

AFFORDABLE HOUSING PROGRAMS

Section 1. 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. 2. 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. 3. 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. 4. 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. 5. 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 resident families with the lowest income. 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 vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations made for the purposes of this subdivision.

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

Subd. 8c. [RENTAL HOUSING FOR INDIVIDUALS.] It may establish a rental housing assistance program for persons of low-income or with a mental illness 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. Financial assistance under this subdivision must be in the form of vendor payment whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations made for the purposes of this subdivision.

Sec. 7. 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. 8. 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.

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 credit worthiness, 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 or increase the security deposit or rent of a residential housing unit to the individual. If the tenant report has not been used to deny the rent 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 individual prior to furnishing the information and shall not exceed the charge that the tenant screening service would impose on each designated recipient for a tenant 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 information from a court file on an individual in a tenant report, 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 566.29, 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. 9. 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. 10. 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. 11. 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. 12. 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. 13. [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. 14. Minnesota Statutes 1988, section 580.04, is amended to read:

580.04 [REQUISITES OF NOTICE.]

Each notice shall specify:

(1) The name of the mortgagor and of the mortgagee, and of the assignee of the mortgage, if any, and the original principal amount secured by said mortgage;

(2) The date of the mortgage, and when and where recorded, except where the mortgage is upon registered land, in which case the notice shall state that fact, and when and where registered;

(3) The amount claimed to be due thereon, and taxes, if any, paid by the mortgagee at the date of the notice;

(4) A description of the mortgaged premises, conforming substantially to that contained in the mortgage;

(5) The time and place of sale; and

(6) The time allowed by law for redemption by the mortgagor, the mortgagor's personal representatives or assigns; and

(7) If the party foreclosing the mortgage desires to preserve its right to reduce the redemption period based on a judicial order issued under section 16 after the first publication of the notice, the notice must also state in capital letters: "THE TIME ALLOWED BY LAW FOR REDEMPTION BY THE MORTGAGOR, THE MORTGAGOR'S PERSONAL REPRESENTATIVES OR ASSIGNS, MAY BE REDUCED TO FIVE WEEKS IF, BEFORE THE FORECLOSURE SALE, THE PARTY FORECLOSING THE MORTGAGE OBTAINS A JUDICIAL ORDER ISSUED UNDER MINNESOTA STATUTES, SECTION 580.231, DETERMINING THAT THE MORTGAGED PREMISES ARE IMPROVED WITH A RESIDENTIAL DWELLING OF LESS THAN FIVE UNITS, ARE NOT PROPERTY USED IN AGRICULTURAL PRODUCTION WITHIN THE MEANING OF LAWS 1986, CHAPTER 398, SECTION 5, AND ARE ABANDONED."

Sec. 15. Minnesota Statutes 1988, section 580.12, is amended to read:

580.12 [CERTIFICATE OF SALE; RECORD; EFFECT.]

When any sale of real property is made under a power of sale contained in any mortgage, the officer shall make and deliver to the purchaser a certificate, executed in the same manner as a conveyance, containing:

(1) A description of the mortgage;

(2) A description of the property sold;

(3) The price paid for each parcel sold;

(4) The time and place of the sale, and the name of the purchaser; and

(5) The time allowed by law for redemption. The, provided that if the redemption period stated in the certificate is five weeks and a longer redemption period was stated in the published notice of foreclosure sale, the certificate must also contain a certified copy of the court order, issued under section 16, authorizing reduction of the redemption period to five weeks.

A certificate which states a five-week redemption period must be recorded within ten days after the sale; any other certificate shall must be recorded within 20 days after such the sale, and. When so recorded, upon expiration of the time for redemption, shall operate as a conveyance to the purchaser or the purchaser's assignee of all the right, title, and interest of the mortgagor in and to the premises named therein at the date of such mortgage, without any other conveyance.

Sec. 16. [580.231] [FIVE-WEEK REDEMPTION PERIOD FOR CERTAIN ABANDONED PROPERTIES.]

Subdivision 1. [APPLICATION.] This section applies to mortgages executed after December 31, 1989, for which there has been a monetary default existing for at least 60 days as of the date of the filing of the complaint provided for in subdivision 3. This section does not apply to mortgages where the mortgaged premises exceed ten acres in size, or are improved with a model home or a dwelling in the process of construction. This section may be applied to a foreclosure by action conducted under chapter 581 and to a foreclosure by advertisement conducted under this chapter.

Subd. 2. [BEFORE FORECLOSURE SALE.] Notwithstanding section 580.23 or 581.10, if the party foreclosing a mortgage, at any time before the foreclosure sale but not more than 30 days before the first publication of the notice of sale, obtains a court order which reduces the mortgagor's redemption period to five weeks under subdivision 6, after the mortgaged premises have been sold as provided in this chapter, the mortgagor, and the mortgagor's personal representatives or assigns, within five weeks after the sale, may redeem the mortgaged premises as provided in section 580.23, subdivision 1. If an order is obtained after the first publication of the notice of sale, the five-week redemption period applies only if the notice of sale contained the statement required by section 580.04, clause (7).

Subd. 3. [AFTER FORECLOSURE SALE.] If the holder of a sheriff's certificate of sale, at any time after the foreclosure sale, obtains a court order which reduces the mortgagor's redemption period to five weeks under subdivision 6, the period during which the mortgagor, the mortgagor's personal representatives and as-

signs, may redeem the mortgaged premises in accordance with the provisions of section 580.23, subdivision 1, is reduced to five weeks from the date the order is entered. Within ten days after the order is entered, a certified copy of the order must be filed with the office of the recorder or registrar of titles for the county in which the mortgaged premises are located, and a copy of the order must be personally served upon, or sent by certified mail to, all parties holding liens of record at the time of the foreclosure sale which were junior to the lien of the foreclosed mortgage. Affidavits of service and mailing to evidence the same is prima facie evidence of the facts stated therein and is entitled to recordation along with the certified copy of the order.

Subd. 4. [SUMMONS AND COMPLAINT.] The party foreclosing a mortgage or holding a sheriff's certificate of sale may initiate a proceeding in district court to have the mortgagor's redemption period reduced under this section. The proceeding must be initiated by the filing of a complaint, naming the mortgagor, or the mortgagor's personal representatives or assigns of record, as defendant, in district court for the county in which the mortgaged premises are located. The complaint must identify the mortgaged premises by legal description and must identify the mortgage by: (1) the names of the mortgagor and mortgagee, and any assignee of the mortgagee; (2) the date of its making; and (3) pertinent recording information. The complaint must allege that the mortgaged premises are:

- (1) comprised of ten acres or less;
- (2) improved with a residential dwelling consisting of less than five units, which is not a model home or a dwelling under construction;
- (3) not property used in agricultural production within the meaning of Laws 1986, chapter 398, section 5; and
- (4) abandoned.

The complaint must request an order reducing the mortgagor's redemption period to five weeks. When the complaint has been filed, the court shall issue a summons commanding the person or persons named in the complaint to appear before the court on a day and at a place stated in the summons. The appearance day shall be not less than 15 nor more than 25 days from the day of the issuing of the summons. A copy of the filed complaint must be attached to the summons.

Subd. 5. [SERVICE.] The summons may be served by any person not named a party to the action. The summons must be served at least seven days before the appearance day, in the manner provided for service of a summons in a civil action in the district court. If the defendant cannot be found in the county, the summons may be

served by sending a copy by certified mail to the defendant's last usual place of abode known to the plaintiff, if any, at least ten days before the appearance day. The summons must be posted in a conspicuous place on the mortgaged premises not less than seven days before the appearance day. If personal or certified mail service cannot be made on the defendant, or the defendant's last usual place of abode is unknown to the plaintiff, then the plaintiff or plaintiff's attorney may file an affidavit to that effect with the court and service by posting the summons on the mortgaged premises is sufficient.

Subd. 6. [HEARING; EVIDENCE; ORDER.] At the hearing on the summons and complaint, the court shall enter an order reducing the mortgagor's redemption period as provided in subdivision 1 or 2, as applicable, if evidence is presented supporting the allegations in the complaint and no appearance is made to oppose the relief sought. An affidavit by the sheriff or a deputy sheriff of the county in which the mortgaged premises are located, or of a building inspector, zoning administrator, housing official, or other municipal or county official having jurisdiction over the mortgaged premises, stating that the mortgaged premises are not actually occupied and further setting forth any of the following supporting facts, is prima facie evidence of abandonment:

(1) windows or entrances to the premises are boarded up or closed off, or multiple window panes are broken and unrepaired;

(2) doors to the premises are smashed through, broken off, unhinged, or continuously unlocked;

(3) gas, electric, or water service to the premises has been terminated;

(4) rubbish, trash, or debris has accumulated on the mortgaged premises;

(5) the police or sheriff's office has received at least two reports of trespassers on the premises, or of vandalism or other illegal acts being committed on the premises; or

(6) the premises are deteriorating and are either below or are in imminent danger of falling below minimum community standards for public safety and sanitation.

An affidavit of the party foreclosing the mortgage or holding the sheriff's certificate, or one of their agents or contractors, stating any of the above supporting facts, and that the affiant has changed locks on the premises under this section and that for a period of ten days no party having a legal possessory right has requested entrance to the premises, is also prima facie evidence of abandonment. Either

affidavit described above, or an affidavit from any other person having knowledge, may state facts supporting any other allegations in the complaint and is prima facie evidence of the same. Written statements of the mortgagor, the mortgagor's personal representatives or assigns, including documents of conveyance, which indicate a clear intent to abandon the premises, is conclusive evidence of abandonment. In the absence of affidavits or written statements, or if rebuttal evidence is offered by the defendant or a party lawfully claiming through the defendant, the court may consider any competent evidence, including oral testimony, concerning any allegation in the complaint. An order entered under this section must contain a legal description of the mortgaged premises.

Subd. 7. [RECORDING.] A certified copy of an order entered under this section may be recorded in the office of the county recorder or registrar of titles for the county in which the mortgaged premises are located, provided that the order contains a legal description of the mortgaged premises.

Sec. 17. Minnesota Statutes 1988, section 581.10, is amended to read:

581.10 [REDEMPTION BY MORTGAGOR, CREDITOR.]

The mortgagor, or those claiming under the mortgagor, within the time specified in section 580.23 or section 16, whichever applies, after the date of the order of confirmation, may redeem the premises sold, or any separate portion thereof, by paying the amount bid therefor, with interest thereon from the time of sale at the rate provided to be paid on the mortgage debt, not to exceed eight percent per annum, and, if no rate to be provided in the mortgage, at the rate of six percent, together with any further sum which may be payable pursuant to section 582.03. Creditors having a lien may redeem in the order and manner specified in section 580.24, but no creditor shall be entitled to redeem unless within such specified redemption period the creditor files with the court administrator notice of intention to redeem.

Sec. 18. Minnesota Statutes 1988, section 582.03, is amended to read:

582.03 [PURCHASER AT FORECLOSURE, EXECUTION, OR JUDICIAL SALE MAY PAY TAXES, ASSESSMENTS, INSURANCE PREMIUMS, OR INTEREST.]

The purchaser at any sale, upon foreclosure of mortgage or execution or at any judicial sale during the year period of redemption, may pay any taxes or assessments on which any penalty would otherwise accrue, and may pay the premium upon any policy of insurance procured in renewal of any expiring policy upon mortgaged premises, may pay any costs incurred under section 582.031,

and may, in case any interest or installment of principal upon any prior or superior mortgage, lien, or contract for deed is in default or shall become due during such year the period of redemption, pay the same, and, in all such cases, the sum so paid, with interest, shall be a part of the sum required to be paid to redeem from such sale. Such payments shall be proved by the affidavit of the purchaser or the purchaser's agent or attorney, stating the items and describing the premises, which must be filed for record with the county recorder or registrar of titles, and a copy thereof shall be furnished to the sheriff at least ten days before the expiration of the year period of redemption.

Sec. 19. [582.031] [LIMITED RIGHT OF ENTRY BY MORTGAGEE OR PURCHASER AT FORECLOSURE SALE.]

Subdivision 1. [RIGHT OF ENTRY.] If premises described in a mortgage or sheriff's certificate are vacant or unoccupied, the holder of the mortgage or sheriff's certificate or the holder's agents and contractors may enter upon the premises to protect the premises from waste, until the holder of the mortgage or sheriff's certificate receives notice that the premises are occupied. The holder of the mortgage or sheriff's certificate does not become a mortgagee in possession by taking actions authorized under this section. An affidavit of the sheriff, the holder of the mortgage or sheriff's certificate, or a person acting on behalf of the holder, describing the premises and stating that the same are vacant or unoccupied, is prima facie evidence of the facts stated in the affidavit when recorded in the office of the county recorder or the registrar of titles in the county where the premises are located.

Subd. 2. [AUTHORIZED ACTIONS.] The holder of the mortgage or sheriff's certificate may take the following actions to protect the premises from waste: install or change locks on doors and windows, board windows, and otherwise prevent or minimize damage to the premises from the elements, vandalism, trespass, or other illegal activities. If the holder of the mortgage or sheriff's certificate installs or changes locks under this section, a key to the premises must be promptly delivered to the mortgagor or any person lawfully claiming through the mortgagor, upon request.

Subd. 3. [COSTS.] All costs incurred by the holder of the mortgage to protect the premises from waste may be added to the principal balance of the mortgage. The costs may bear interest to the extent provided in the mortgage and may be added to the redemption price if the costs are incurred after a foreclosure sale. If the costs are incurred after a foreclosure sale, the purchaser at the foreclosure sale must comply with the provisions of section 582.03. The provisions of this section are in addition to, and do not limit or replace, any other rights or remedies available to holders of mortgages and sheriff's certificates, at law or under the applicable mortgage agreements.

Sec. 20. Minnesota Statutes 1988, section 582.30, subdivision 2, is amended to read:

Subd. 2. [GENERAL PROHIBITION FOR PROPERTY WITH A SIX-MONTH OR FIVE-WEEK REDEMPTION PERIOD.] A deficiency judgment is not allowed if a mortgage is foreclosed by advertisement under chapter 580, and has a redemption period of six months under section 580.23, subdivision 1 or five weeks under section 580.231.

Sec. 21. [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 paragraph.

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 the owner has disclosed a post office box as the owner's address under section 504.22, 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 22.

(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. 22. [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 must be paid to the state treasurer, deposited in the general fund, and credited to the general fund.

ARTICLE 3

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 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 participants 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~~ 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 employment 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 up to three 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. To achieve a demonstration grant under this section, the eligible organization must match the grant money with at least an equal amount of nonstate money. The commissioner of finance must verify that the eligible organization has matched the grant money.

Sec. 10. [APPROPRIATION.]

\$200,000 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 4

SPECIAL LAWS

Section 1. [DEFINITION.]

"City" means the city of Saint Paul and the city of Minneapolis for the purposes of sections 2 to 6.

Sec. 2. 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~~ cities of Minneapolis and 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~~ cities of Minneapolis and Saint Paul 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. 3. 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. 4. 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 3 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. 5. 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. 6. 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 in a city 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. 7. Laws 1987, chapter 386, article 6, section 6, subdivision 2, is amended to read:

Subd. 2. [TARGETED NEIGHBORHOOD PARTICIPATION IN REVITALIZATION PROGRAM DEVELOPMENT.] The city shall develop a process to consult the residents in the targeted neighborhood concerning the development, drafting, and implementation of the revitalization program. The process may include the establishment of an advisory board in each city. The process must include at least one public hearing in addition to a public hearing held by the advisory board. The cities of Minneapolis and Duluth must use the certification process outlined in subdivisions 3 to 7. The city of Saint Paul must use the process outlined in section 2.

Sec. 8. Laws 1987, chapter 386, article 6, section 6, is amended by adding a subdivision to read:

Subd. 8. [CITY OF SAINT PAUL APPROVAL.] (a) For the purposes of this subdivision, "city" means the city of Saint Paul.

(b) A city 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.

(c) After approval, the city shall submit the preliminary program to the commissioner and the Minnesota housing finance 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 established under paragraph (d).

(d) The city 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. Nonvoting 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 7 to pay for the costs of staffing the review board.

(e) 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 (c). The review board

may only reject the revitalization program or portions of the program for the following reasons:

(1) the revitalization program does not include the information required under subdivision 1;

(2) the city did not follow the community-based process required under subdivision 2 for developing the revitalization program; or

(3) the revitalization program results in undue concentration of targeted neighborhood money in a single proposed activity or project.

The review board may approve all of the preliminary program and submit it to the city council for certification under paragraph (f) 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 under subdivision 2 and state review under this subdivision for making changes to that portion of the program.

(f) The city council may, by formal resolution, certify only those portions of a program approved by the review board under paragraph (e). 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.

(g) 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 (f), it must require the implementation of the revitalization program approval and certification process under this subdivision for the proposed modification.

Sec. 9. [REPEALER.]

Laws 1974, chapter 351, sections 1, 2, 3, and 4, as amended by

Laws 1975, chapter 260, section 5; and Laws 1975, chapter 260, sections 1, 2, 3, 4, and 5 are repealed.

Sec. 10. [EFFECTIVE DATE; REHABILITATION LOAN AND GRANT PROGRAM.]

Sections 1 to 9 are effective the day after enactment without local approval in accordance with Minnesota Statutes, section 645.023, subdivision 1, clause (a):

ARTICLE 5

OTHER HOUSING PROVISIONS

Section 1. 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-for-

feited 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 development authority, or a city as authorized by sections 469.001 to 469.047 chapter 469 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 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. 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 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. 4. 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. 5. 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. 6. 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. 7. 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. 8. [465.271] [HAZARDOUS PROPERTY PENALTY.]

Any home rule charter or statutory 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.

Sec. 9. 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. 10. 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 compensation 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 insur-

ance 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 payments, other rental subsidies, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing.

Section 9 is effective the day following final enactment.

ARTICLE 6

HOUSING IMPACT REPORT

Section 1. [504.30] [DEFINITIONS.]

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

Subd. 2. [CITY.] "City" means any statutory or home rule charter city. The term "city" also includes a port authority, economic development authority, a housing and redevelopment authority, or any development agency established under chapter 469 which share common boundaries with the city.

Subd. 3. [DISPLACE.] "Displace" means to demolish, acquire for or convert to a use other than low-income housing, or to provide or expend funds that directly result in demolition, acquisition for or conversion to a use other than low-income housing.

"Displace" does not include providing or expending funds that directly result in, and are limited to, those improvements of housing which are made to comply with health, housing, building, fire prevention, housing maintenance, or energy codes or standards of the applicable government unit, or to make the housing more accessible to any handicapped person.

Subd. 4. [GOVERNMENT UNIT.] "Government unit" means any state agency; any public or private agency, corporation, or entity receiving a direct appropriation from the state for the purpose of a project that would displace low-income housing; or any general or special purpose unit of government in the state, including, but not limited to, any city, county, county housing and redevelopment authority, town, and regional development commission.

Subd. 5. [LOW-INCOME HOUSING.] "Low-income housing" means rental housing with a rent less than or equal to 30 percent of 50 percent of the median income for the county in which the rental housing is located, adjusted by size. "Low-income housing" also includes rental housing that has been vacant for less than two years, that was low-income housing when it was last occupied, and that is not condemned as being unfit for human habitation by the applicable government unit.

Subd. 6. [RENTAL HOUSING.] "Rental housing" includes, but is not limited to, rental apartments, rooms, and housing; board and lodging units; rooms in single-occupancy buildings and hotels that offer to be used as the sole residence of the occupant; transitional

housing; and shelters. Rental housing does not include transitional housing located within a floodplain or community based residential facilities.

Subd. 7. [REPLACEMENT HOUSING.] "Replacement housing" means rental housing that shall:

(1) Be the lesser of (i) the number and corresponding size of low-income housing units displaced, or (ii) be sufficient in number and corresponding size of those low-income housing units displaced to meet the demand for those units;

(2) be low-income housing for the greater of 15 years or the compliance period of the federal low-income housing tax credit under United States Code, title 26, section 42(i)(1), as amended. This section does not prohibit increases in rent to cover operating expenses;

(3) be in at least standard condition; and

(4) be located in the city or town where the displaced low-income housing units were located.

Replacement housing may be provided as, but not limited to, newly constructed housing; or rehabilitated or rent subsidized existing housing that did not already qualify as low-income housing.

Subd. 8. [SIZE.] "Size" means the number of bedrooms in a housing unit.

Sec. 2. [504.31] [ANNUAL HOUSING IMPACT REPORT.]

Subdivision 1. [ANNUAL REPORT REQUIRED.] A government unit shall prepare an annual housing impact report for each year in which the government unit displaces ten or more units of low-income housing.

Subd. 2. [DRAFT ANNUAL HOUSING IMPACT REPORT.] A government unit subject to this section must prepare a draft annual housing impact report for review and comment by interested persons. The draft report must be completed by January 31 of the year immediately following a year in which the government unit has displaced ten or more units of low-income housing.

Subd. 3. [CONTENTS.] The draft and final annual housing impact reports must include:

(1) identification of each low-income housing unit that was displaced in the previous year in the city or town where housing was displaced by the government unit, including the unit's address, size,

and rent; the number of persons who could have occupied the unit; the condition the unit was in, and whether it was habitable at the time of displacement; the owner of the unit; whether it was owner occupied; and how and when it was displaced;

(2) identification of each unit of replacement housing provided in the previous year in the city or town, including the unit's address, size, and rent; the number of persons who could occupy the unit; the owner of the unit; whether it is owner occupied; and an identification of the displaced low-income housing unit that was replaced by the unit of replacement housing;

(3) analysis of the supply of and demand for all sizes of low-income housing units, by size and rent, in the city or town;

(4) determination of whether there is an adequate supply of available and unoccupied low-income housing units to meet the demand for all sizes of low-income housing, by size and rent, in the city or town where housing has been displaced by the government unit;

(5) estimation of the cost of providing replacement housing for low-income housing not in adequate supply to meet the demand for all sizes of low-income housing, by size and rent, in the city or town where housing has been displaced by the government unit; and

(6) analysis of the government unit's compliance with the replacement plans of previous housing annual impact reports and project housing impact statements.

Subd. 4. [REPLACEMENT PLAN.] If there is an inadequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city or town where housing has been displaced by the government unit, the draft and final annual housing impact reports shall include a plan for providing the replacement housing within 36 months following the date of the final annual housing impact report.

Subd. 5. [NOTICE; REQUEST FOR COMMENTS.] A government unit subject to this section must provide for public input in preparing the annual housing impact report, including a public comment period and a public hearing. The government unit must publish notice of its draft annual housing impact report in a newspaper of general circulation in the city or town by the deadline for completion of the draft annual housing impact report. The notice must include a request for comments on the draft annual housing impact report within the 30 days following the notice, and notice of the date, time, and location of a public hearing on the draft annual housing impact report to be held within 15 to 30 days following the date of notice. Copies of the notice must be sent to the neighborhood and citizen participation organizations, district planning councils, housing re-

ferral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city or town where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to the state planning agency and the Minnesota housing finance agency.

Subd. 6. [FINAL ANNUAL HOUSING IMPACT REPORT.] In preparing and approving a final annual housing impact report, a government unit subject to this section must consider comments received during the comment period and at the public hearing on the draft report. The final report shall be prepared within 30 days following the deadline for receipt of comments on the draft annual housing impact report. The government unit shall publish notice of the final annual housing impact report in a newspaper of general circulation in the city or town. Copies of the notice must be sent to neighborhood and citizen participation organizations, district planning councils, housing referral and information services, shelters, homeless and tenants advocacy groups, and legal aid offices in the city or town where the displaced low-income housing was located. Copies of the notice and the draft annual housing impact report must be submitted to the state planning agency and the Minnesota housing finance agency.

Sec. 3. [504.32] [REPLACEMENT HOUSING REQUIRED.]

A government unit subject to section 2 must provide the replacement housing within 36 months following the date of the final annual housing impact report, unless there is an adequate supply of available and unoccupied low-income housing units to meet the demand for the replacement housing in the city or town where housing has been displaced by the government unit."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 629, A bill for an act relating to elections; ethics in government; clarifying and modifying certain exceptions to multi-candidate political party expenditure limitations; modifying lobbyist reporting requirements; expanding certain reports by certain

political committees and political funds; discontinuing the state ethical practices board responsibility for developing and furnishing certain forms; limiting contributions and solicitations during a regular legislative session; providing a public subsidy for legislative candidates in special elections; providing an income tax credit for contributions to state candidates and political parties; requiring candidates to match funds received from the state elections campaign fund; providing a schedule for distribution of political campaign checkoff money to political parties; requiring deer licenses to include an application for absentee ballots; requiring county auditors to provide a sample ballot for classroom use; specifying a time period for preparing a candidate's affidavit; providing penalties; appropriating money; amending Minnesota Statutes 1988, sections 10A.04, subdivision 2; 10A.20, subdivision 3; 10A.27, subdivision 4; 10A.275; 10A.31, subdivision 5, and by adding a subdivision; 10A.32, subdivision 3, and by adding subdivisions; 10A.33; 97A.485, by adding a subdivision; 204B.09, subdivision 1; 290.06, by adding a subdivision; and 383B.055, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 10A and 204D; repealing Minnesota Statutes, section 211B.11, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 11, delete "or accept" and after "contribution" insert "on behalf of the candidate's principal campaign committee, or any other political committee with the candidate's name or title"

Page 11, delete section 9

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 878, A bill for an act relating to agriculture; providing assistance for hay land restoration and hay for livestock; encouraging widespread purchase of federal crop insurance; directing a study of cheese marketing practices; authorizing state payment for crop insurance; providing a width exemption for motor vehicles used in

emergency haylift operations; making low-interest loans available to homeowners to repair drought damage; providing state financial and technical assistance to municipalities for purposes of enhancing municipal water supplies; appropriating money; amending Minnesota Statutes 1988, section 17.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 17, 18, and 169.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

FEDERAL CROP INSURANCE; OTHER PROVISIONS

Section 1. [17.752] [FINDING OF PUBLIC PURPOSE.]

The legislature finds that federal crop insurance represents the lowest cost, most economically feasible mechanism for protecting farm families from severe economic stress caused by drought and other natural disasters. The legislature further finds that costs to the state for rural disaster relief are greatly reduced when a majority of farmers carry federal crop insurance. In order to encourage all farmers to carry federal crop insurance, it is a valid public purpose for state funds to be used to make grants for a portion of the premium costs of the crop insurance.

Sec. 2. [17.754] [GRANTS FOR PARTIAL PAYMENT OF FEDERAL CROP INSURANCE.]

Subdivision 1. [ELIGIBLE CROPS.] Crops eligible for partial payment of federal crop insurance are barley, corn, flax, oats, soybeans, sugar beets, canning crops grown under contract, and wheat.

Subd. 2. [CERTIFICATION OF ELIGIBILITY.] An applicant for partial payment of the federal crop insurance premium on an eligible crop must apply to the federal crop insurance corporation for a determination of eligibility. The federal crop insurance corporation must certify the eligibility of each applicant and determine the total premium to be paid for crop insurance coverage on all eligible crops.

Subd. 3. [APPLICATION FOR STATE PAYMENT; REPORT.] The federal crop insurance corporation shall apply to the commissioner for payment of the state share of the premium on eligible crops. Before a state payment for crop insurance is authorized, the federal crop insurance corporation must report to the commissioner the following information:

(1) the total cost to the state for crop insurance premiums at the rate authorized in subdivision 5;

(2) the acreage of each eligible crop in each county;

(3) the participation rate for each eligible crop in each county; and

(4) other information the commissioner reasonably requires.

Subd. 4. [COMMISSIONER TO REPORT TO LEGISLATURE.] By June 1, 1989, and June 1 in each succeeding year, the commissioner shall report to the chairs of the house and senate committees on agriculture on the program of partial state payment for federal crop insurance. The report must include county costs and participation rates for each eligible crop and the commissioner's recommendations for changes in the program, if any.

Subd. 5. [COMMISSIONER TO MAKE PAYMENT.] To the extent of funds appropriated for this program, the commissioner shall make a payment to the federal crop insurance corporation in an amount equal to ten percent of the total annual farmer-paid crop insurance premium on eligible crops covered by the application under subdivision 3.

Sec. 3. [17.756] [RULES.]

The commissioner of agriculture shall adopt rules for purposes of sections 1 to 3.

Sec. 4. Minnesota Statutes 1988, section 38.013, is amended to read:

38.013 [TORT LIABILITY.]

The provisions of chapter 466, regarding tort liability apply to county agricultural societies organized under this chapter, except that no person who serves without compensation as a member of the board of a county agricultural society created or organized under this chapter shall be held civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a member of the board, and did not constitute willful or reckless misconduct.

This subdivision does not apply to:

(1) an action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;

(2) a cause of action to the extent it is based on federal law; or

(3) a cause of action based on the board member's express contractual obligation.

Nothing in this subdivision shall be construed to limit the liability of a member of the board for physical injury to the person of another or for wrongful death which is personally and directly caused by the board member.

For purposes of this subdivision, the term "compensation" means any thing of value received for services rendered, except:

(1) reimbursement for expenses actually incurred;

(2) a per diem in an amount not to exceed the per diem authorized for state advisory councils and committees pursuant to section 15.059, subdivision 3; or

(3) payment by the county agricultural society of insurance premiums on behalf of a member of the board.

Sec. 5. Minnesota Statutes 1988, section 1160.09, subdivision 5, is amended to read:

Subd. 5. [ADVISORY BOARD.] A 26-member advisory board is established to identify priorities for the agricultural utilization research institute. Members of the advisory board are appointed by the board. The advisory board consists of: the chair of the Minnesota house of representatives agricultural committee or the chair's designee; the chair of the Minnesota senate agricultural committee or the chair's designee; a representative from each of the ten largest agricultural-related businesses in the state as determined by the corporation; a member from each of the appropriate trade organizations representing producers of beef cattle, dairy, corn, soybeans, pork, wheat, turkey, barley, wild rice, edible beans, eggs, and potatoes; a member of the Farmers's Union; and a member of the Farm Bureau. Terms and removal of members must be set by the board and members of the advisory board serve without compensation but shall receive their necessary and actual expenses.

The advisory board shall annually provide a list of priorities and suggested research and marketing studies that should be performed by the agricultural utilization research institute.

Sec. 6. [169.801] [TRUCKS PARTICIPATING IN EMERGENCY HAYLIFT OPERATIONS.]

Subdivision 1. [COMPLIANCE.] The commissioners of transportation and public safety, and their agents, shall make every effort to comply with the provisions of this section.

Subd. 2. [EXEMPTION; ORGANIZED HAYLIFT PARTICIPATION.] A motor vehicle being used to haul hay in an organized haylift operation is exempt from vehicle width limits if:

(1) the vehicle is operated by a person carrying a participation permit issued by the commissioner of agriculture under subdivision 4;

(2) the load is firmly secured; and

(3) the vehicle and its load pose no undue risk to the operator or other persons or property.

Subd. 3. [EXEMPTION; HAYLIFT TRIP PERMIT.] A motor vehicle is exempt from vehicle width limits if:

(1) the vehicle is transporting hay at a cost to the shipper or recipient substantially lower than normal commercial freight rates;

(2) the operator of the vehicle is in possession of a valid trip permit issued by the commissioner of agriculture under subdivision 5;

(3) the load is firmly secured; and

(4) the vehicle and its load pose no undue risk to the operator or other persons or property.

Subd. 4. [CERTIFICATE OF PARTICIPATION.] Upon proper request, the commissioner of agriculture shall provide to each motor vehicle operator participating in an organized haylift operation a certificate of participation including the approximate dates of participation.

Subd. 5. [HAYLIFT TRIP PERMIT.] Upon proper request, the commissioner of agriculture shall issue a haylift trip permit to a motor vehicle operator who transports hay at a cost substantially lower than normal commercial freight rates for the benefit of a farmer who has a shortage of hay for livestock. Each permit is valid for one round trip. The permit must indicate the date, the points of origin and destination, the proposed route, and any other information the commissioner may reasonably require.

Subd. 6. [LIMITATION.] A motor vehicle operator is not exempt under subdivision 2 or 3 except while actually participating in a haylift operation.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment.

ARTICLE 2
DEGRADABLE PLASTICS

Section 1. Minnesota Statutes 1988, section 325E.045, subdivision 1, is amended to read:

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

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

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

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

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

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

(f) "Yard waste" has the meaning given in section 115A.931, paragraph (b), and includes garden wastes, leaves, lawn cuttings, weeds, and prunings.

Sec. 2. Minnesota Statutes 1988, section 325E.045, is amended by adding a subdivision to read:

Subd. 5. [CRITERIA ESTABLISHED.] The commissioner of agriculture must establish criteria and implement processes to certify that the products required by this section to be degradable:

(1) are degradable under conditions typical of a program or facility for composting or cocomposting; and

(2) contain food grade components as defined by the United States Food and Drug Administration and are listed as approved for food contact in Code of Federal Regulations, title 21, section 175.300 (1988).

Sec. 3. Minnesota Statutes 1988, section 325E.045, is amended by adding a subdivision to read:

Subd. 6. [DEGRADABLE YARD WASTE BAGS REQUIRED FOR COMPOSTING.] A person may not dispose of yard waste in a facility or program for composting or cocomposting unless the disposal bags are degradable as defined in subdivision 1.

Sec. 4. [EFFECTIVE DATE.]

Section 3 is effective 12 months after the commissioner of agriculture certifies under section 2 that products meeting the standards of degradability are commercially available.

ARTICLE 3

FEDERAL UNIFORMITY

Section 1. Minnesota Statutes 1988, section 31.101, is amended to read:

31.101 [RULES; HEARINGS; UNIFORMITY WITH FEDERAL LAW.]

Subdivision 1. The authority to promulgate and amend rules for the efficient administration and enforcement of the Minnesota food law is vested in the commissioner and is in addition to authority granted in sections 31.10, 31.11, and 31.12. Such rules when applicable shall conform, insofar as practicable and consistent with state law, with those promulgated under the federal law.

Subd. 2. Hearings authorized or required by law shall be conducted by the commissioner or such officer, agent, or employee as the commissioner may designate for the purpose.

Subd. 3. Federal pesticide chemical regulations and amendments thereto in effect on April 1, ~~1987~~ 1988, adopted under authority of the Federal Insecticide, Fungicide and Rodenticide Act, as provided by United States Code, title 7, chapter 6, are the pesticide chemical rules in this state. Such rules may be amended by the commissioner proceeding in accordance with the administrative procedure act.

Subd. 4. Federal food additive regulations and amendments thereto in effect on April 1, ~~1987~~ 1988, as provided by Code of Federal Regulations, title 21, parts 170 to 199, are the food additive rules in this state. Such rules may be amended by the commissioner proceeding in accordance with the administrative procedure act.

Subd. 5. Federal color additive regulations and amendments thereto in effect on April 1, ~~1987~~ 1988, as provided by Code of

Federal Regulations, title 21, parts 70 to 82, are the color additive rules in this state. Such rules may be amended by the commissioner proceeding in accordance with the administrative procedure act.

Subd. 6. Federal special dietary use regulations and amendments thereto in effect on April 1, 1987 1988, as provided by Code of Federal Regulations, title 21, parts 104 and 105, are the special dietary use rules in this state. Such rules may be amended by the commissioner proceeding in accordance with the administrative procedure act.

Subd. 7. Federal regulations and amendments thereto in effect on April 1, 1987 1988, adopted under the Fair Packaging and Labeling Act, as provided by United States Code, title 15, sections 1451 to 1461, are the rules in this state. Such rules may be amended by the commissioner proceeding in accordance with the administrative procedure act; provided that the commissioner shall not adopt amendments to such rules or adopt other rules which are contrary to the labeling requirements for the net quantity of contents required pursuant to section 4 of the Fair Packaging and Labeling Act and the regulations promulgated thereunder.

Subd. 8. Applicable federal regulations including recodification contained in Code of Federal Regulations, title 21, parts 0-1299; Food and Drugs, in effect April 1, 1987 1988, and not otherwise adopted herein, also are adopted as food rules of this state. Such rules may be amended by the commissioner in accordance with the administrative procedure act.

Sec. 2. Minnesota Statutes 1988, section 31.102, subdivision 1, is amended to read:

Subdivision 1. Federal definitions and standards of identity, quality and fill of container and amendments thereto, in effect on April 1, 1975 1988, adopted under authority of the federal act, are the definitions and standards of identity, quality and fill of container in this state. Such rules may be amended by the commissioner proceeding in accordance with the administrative procedure act.

Sec. 3. Minnesota Statutes 1988, section 31.103, subdivision 1, is amended to read:

Subdivision 1. All labels of consumer commodities shall conform with the requirements for the declaration of net quantity of contents of section 4 of the Fair Packaging and Labeling Act (United States Code, title 15, section 1451 et seq.) and federal regulations in effect on April 1, 1975 1988, promulgated pursuant thereto, except to the extent that the commissioner shall exercise authority to amend such rules in accordance with the administrative procedure act. Consumer commodities exempted from the requirements of section 4 of

the Fair Packaging and Labeling Act shall also be exempt from this subdivision.

Sec. 4. Minnesota Statutes 1988, section 31.104, is amended to read:

31.104 [FOOD LABELING EXEMPTION RULES.]

The commissioner shall promulgate rules exempting from any labeling requirement food which is, in accordance with the practice of the trade, to be processed, labeled or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such food is not adulterated or misbranded upon removal from such processing, labeling or repacking establishment.

Federal regulations in effect on April 1, 1975 1988, adopted under authority of the federal act relating to such exemptions are effective in this state unless the commissioner shall exercise authority to amend such regulations. The commissioner also may promulgate amendments to existing rules concerning exemptions in accordance with the administrative procedure act.

Sec. 5. Minnesota Statutes 1988, section 31.11, is amended to read:

31.11 [RULES.]

Subdivision 1. [FOOD LAWS.] For the purpose of preventing fraud and deception in the manufacture, use, sale, and transportation of food, or for the purpose of protecting and preserving the public health, it shall also be the duty of the commissioner to make and publish uniform rules, not inconsistent with law, for carrying out and enforcing the provisions of laws now or hereafter enacted relating to food; which rules shall be made in the manner provided by law. Until such rules are made and published, the rules heretofore made by the commissioner shall remain in full force and effect, except as otherwise prescribed by law. Any person who shall manufacture, use, sell, transport, offer for use, sale or transportation, or have in possession with intent to use, sell or transport, any article of food contrary to the provisions of any such rule, or who shall fail to comply with any such rule, shall be guilty of a misdemeanor.

Subd. 2. [PLAN REVIEW FEES.] The commissioner shall, by rule, set plan review fees that will approximate the cost to the department of its review of plans and specifications submitted by food handlers.

There is created in the state treasury an account known as the food handler plan review fund. Fees paid under this subdivision

must be deposited in the food handler plan review fund. Money in the food handler plan review fund is annually appropriated to the commissioner to pay the costs of the food handler plan and specifications review program.

ARTICLE 4

SOY-BASED INK

Section 1. [16B.125] [PRINTING INKS; STATE PRINTING.]

Subdivision 1. [DEFINITION; SOY-BASED INK.] For the purposes of this section, "soy-based ink" means printing ink made from soy oil.

Subd. 2. [STATE PRINTER.] Whenever practical and economically feasible, the state printer shall consider the use of soy-based ink for printing orders or projects. The printer shall also advise state agencies on and encourage them to use materials and printing processes that allow for the use of soy-based ink.

Subd. 3. [STATE AGENCIES; PRINTING CONTRACTS.] When a state agency seeks to enter a contract for printing with, or otherwise purchases printing from, the state or another printer, the agency shall consider, when practical and economically feasible, specifying the use of soy-based ink when it can specify use of a newsprint product that is printed on a non-heat-set web press or a sheet-fed press. Whenever practical, a state agency shall consider specifying materials and printing processes that enable use of soy-based ink.

Subd. 4. [DETERMINATION OF USE.] When the state printer or a state agency is making a determination whether to use soy-based ink or not, the state printer or agency shall consider the practicality of soy-based ink with regard to the type of paper to be used in the project, the production schedule required, the type of printing equipment likely to be used, the availability of ink, and any other relevant considerations.

ARTICLE 5

MINNESOTA-GROWN WIC COUPONS

Section 1. [MINNESOTA-GROWN COUPONS FOR WIC RECIPIENTS.]

The commissioner of agriculture, in cooperation with the commissioner of health, shall conduct demonstration projects in conjunction with federal programs to give Minnesota-grown coupons redeemable for food identified with a Minnesota-grown logo or labeling state-

ment at selected sites to participants in the federal supplemental food program for women, infants, and children. The commissioner shall conduct an evaluation of the demonstration projects, prepare a report, and submit the report to the legislature by January 15, 1990.

ARTICLE 6

NOXIOUS WEED CONTROL

Section 1. [18.192] [LOCAL SUSPENSION OF NOXIOUS WEED CONTROL.]

During a drought, a town board may suspend the duty of owners and occupants of land and road maintenance personnel to control noxious weeds if the vegetation is to be harvested for livestock feed under sections 18.191 to 18.272, except under order by the commissioner or the local weed inspector.

ARTICLE 7

COMMUNITY NEEDS ASSESSMENT MODEL

Section 1. [COMMUNITY NEEDS ASSESSMENT MODEL.]

Subdivision 1. [MODEL DEVELOPMENT.] The commissioner of administration shall award a grant to an organization to develop, test, and implement a rural community needs assessment model after consulting the rural development subcommittee of the senate agriculture and rural development committee and the rural resource development division of the house economic development committee. The organization must select five rural communities in 1990 and five rural communities in 1991 within which to perform community needs assessments using the model developed.

Subd. 2. [ORGANIZATION.] The organization selected must meet the following criteria:

(1) knowledge of the concerns and needs of rural Minnesota residents and their communities;

(2) demonstrated expertise in performing needs assessments;

(3) ability to develop, test, refine, demonstrate, and implement a community needs assessment process; and

(4) experience in gathering, classifying, analyzing, reporting, and interpreting data.

Subd. 3. [MODEL REQUIREMENTS.] The community needs

assessment model must identify community needs in the areas of social services, transportation, housing, education, health care, crime and drug abuse prevention, recreation, employment, public infrastructure, and economic development. In order to identify those needs, information must be collected from the most recent existing statistical data bases, experts, and community residents. After needs are identified, the community needs assessment model must establish priorities, assist the community in analyzing existing resources, develop strategies to meet community needs, and assist the community in considering available options and in deciding what alternatives to act upon.

Subd. 4. [COMMUNITY PARTICIPATION.] The community needs assessment model must be designed to maximize community involvement and participation in the community needs assessment process. The model must be capable of guiding the community through a strategy of information collection, discussion, refinement, and consensus. To encourage community involvement in this process, the organization may provide incentive grants to community leaders and residents.

Subd. 5. [REPORT.] The organization selected to develop the community needs assessment model shall report to the legislature by January 1, 1991, regarding the development and implementation of the model. A second report must be submitted to the legislature by January 1, 1992.

ARTICLE 8

CHEESE MARKETING STUDY

Section 1. [INVESTIGATION OF CHEESE MARKETING; REPORT.] (a) The commissioner of agriculture shall conduct an investigation and economic analysis of cheese marketing practices within the state, the upper midwest region, and the United States. The purpose of the investigation is to evaluate the extent to which dairy farmers and cheese producers in Minnesota are benefited by local and regional institutions and practices through which cheese and cheese products are marketed.

(b) In conducting the investigation and economic analysis of cheese marketing practices and institutions, the commissioner shall, to the greatest practicable extent, solicit the cooperation and participation of dairy farmer producers, dairy processors, farm cooperatives, and agricultural businesses involved in the dairy industry.

(c) Not later than March 1, 1990, the commissioner shall report to the agriculture committees of the senate and the house of representatives the findings from the investigation and economic analysis of

cheese marketing institutions and practices. The commissioner may also recommend legislation to improve cheese marketing conditions for Minnesota dairy farmers and cheese producers.

ARTICLE 9

GRASSHOPPER CONTROL PROGRAM

Section 1. [GRASSHOPPER CONTROL ZONES.]

The commissioner of agriculture shall designate townships of counties that have had grasshopper surveys showing economic damage or potential economic damage as a grasshopper control zone where control programs under sections 2 to 4 will be undertaken.

Sec. 2. [GRASSHOPPER CONTROL PROGRAM.]

(a) The commissioner of agriculture shall develop and implement a grasshopper control program to prevent crop damage in the grasshopper control zone. After consultation and cooperation with the state entomologist, the program must be developed to minimize adverse environmental impact, including the selection of pesticides and prescription of application rates.

(b) The grasshopper control program must utilize proven methods of grasshopper control and the commissioner may make grants for experimental methods of control in selected areas.

Sec. 3. [COST-SHARE.]

Subdivision 1. [ELIGIBILITY.] Private landowners are eligible for a 50 percent cost-share reimbursement for grasshopper control methods approved by the commissioner that are used on areas within the grasshopper control zone.

Subd. 2. [INSPECTION.] A county agricultural inspector shall inspect the property where the grasshopper control is to occur and approve the control method to be used.

Subd. 3. [REIMBURSEMENT.] (a) An eligible private landowner may receive reimbursement for grasshopper control costs by presenting to the county agricultural inspector:

(1) an inspection statement that the property was inspected prior to the control method being used; and

(2) approval by the county agricultural inspector that an approved method was used.

(b) The county agricultural inspector shall forward the reimbursement request to the county treasurer for payment.

(c) The county treasurer shall pay the reimbursement requests received from the county agricultural inspector.

Subd. 4. [PAYMENTS TO COUNTIES FOR COST-SHARE.] From within funds appropriated for the grasshopper control program, the commissioner of agriculture shall make payments to counties to pay for the cost-share payments under subdivision 3. The commissioner shall make funds available in advance based on anticipated need to allow reimbursement payments to be made as quickly as possible.

Subd. 5. [ADMINISTRATION.] (a) The commissioner of agriculture shall adopt procedures, guidelines, and forms to implement the grasshopper control cost-share program under this section. The procedures, guidelines, and forms may be adopted notwithstanding chapter 14, except section 14.38, subdivisions 7 and 8, must be complied with.

(b) The commissioner of agriculture may require accounting procedures and reports to implement the program.

Sec. 4. [EXPERIMENTAL GRASSHOPPER CONTROL.]

Subdivision 1. [AUTHORIZATION.] The commissioner of agriculture may designate certain areas or types of controls for an experimental control program for methods that are not commonly used in the state or have not been proven to be effective.

Subd. 2. [ELIGIBLE PARTICIPANTS.] Public and private entities willing to participate in the experimental grasshopper control program may not be required to pay more than 20 percent of the cost of the experimental control methods on property they are responsible for controlling.

Subd. 3. [ADMINISTRATION.] The commissioner shall develop the experimental grasshopper control program and may adopt rules, guidelines, and procedures notwithstanding chapter 14 to implement the program, except the commissioner must comply with section 14.38, subdivisions 7 and 8.

Sec. 5. [EFFECTIVE DATE.]

Sections 1, 2, and 4, and section 3, subdivisions 1, 2, and 5, are effective the day following final enactment.

ARTICLE 10

AGRICULTURAL LIMING MATERIALS

Section 1. Minnesota Statutes 1988, section 17.7242, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of the demonstration project required under sections 17.7241 to this section and sections 17.7243 and 17.7245 is to identify appropriate and mutually beneficial methods for the use of industrial by-product soil buffering materials. Proper use will minimize current waste disposal problems, provide a market for an underutilized resource, and make available to farmers an effective, low-cost soil buffering product.

Sec. 2. Minnesota Statutes 1988, section 17.7242, subdivision 2, is amended to read:

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

Sec. 3. [17.731] [CITATION.]

Sections 3 to 15 are known and may be cited as the "Minnesota agricultural liming materials law."

Sec. 4. [17.732] [POWERS AND DUTIES OF COMMISSIONER.]

Subdivision 1. [ADMINISTRATION.] The commissioner shall administer, implement, and enforce sections 3 to 15, and the department of agriculture is the lead state agency for the regulation of agricultural liming materials. This regulation includes, but is not limited to, the storage, handling, distribution, and use of those materials.

Subd. 2. [DELEGATION OF DUTIES.] Functions vested in the commissioner by sections 3 to 15 may be delegated to designated employees or agents of the department of agriculture.

Subd. 3. [DELEGATION TO APPROVED AGENCIES.] The commissioner may, by written agreement, delegate specific inspection, enforcement, and other regulatory duties of sections 3 to 15 to officials of approved agencies.

Sec. 5. [17.733] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to sections 3 to 15.

Subd. 2. [AGRICULTURAL LIMING MATERIALS.] "Agricultural liming materials" means materials whose calcium or magnesium compounds, or both, account for an ENP of 30 percent or more. The term includes, but is not limited to, burnt lime, hydrated lime, industrial by-product, limestone, and marl.

Subd. 3. [BRAND.] "Brand" means the term, designation, trademark, product name, or other specific designation under which individual agricultural liming material is offered for sale.

Subd. 4. [BULK.] "Bulk" means in nonpackaged form.

Subd. 5. [BURNT LIME.] "Burnt lime" means a material made from limestone that consists essentially of calcium oxide or a combination of calcium oxide with magnesium oxide.

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture and the commissioner's authorized agents.

Subd. 7. [DISTRIBUTOR.] "Distributor" means a person who imports, consigns, produces, or offers for sale, sells, barter, or otherwise supplies agricultural liming material in this state.

Subd. 8. [ENP.] "ENP" means effective neutralizing power and is an expression of the neutralizing value of liming material based on the TNP and fineness and expressed as dry weight percentage.

Subd. 9. [FINENESS.] "Fineness" means the percentage by weight of material that will pass sieves of specified sizes.

Subd. 10. [GUARANTEED ANALYSIS.] "Guaranteed analysis" means the plant food claim in addition to claims for ENP or the ability to neutralize soil acidity.

Subd. 11. [GUARANTOR.] "Guarantor" means the person who is guaranteeing the agricultural liming material to be as stated in the guaranteed analysis statement.

Subd. 12. [HYDRATED LIME.] "Hydrated lime" means a material, made from burnt lime, that consists of calcium hydroxide or a combination of calcium hydroxide with either magnesium oxide, magnesium hydroxide, or both.

Subd. 13. [INDUSTRIAL BY-PRODUCT.] "Industrial by-product" means an industrial waste or by-product or the by-product of a municipal water treatment process containing calcium or magnesium or both in a form that may neutralize soil acidity.

Subd. 14. [LABEL.] "Label" means the display of all written, printed, or graphic matter on the immediate container or the statement accompanying a bulk shipment of agricultural liming material.

Subd. 15. [LABELING.] "Labeling" means written, printed, or graphic matter on or accompanying agricultural liming material and advertisements, brochures, posters, and television, radio, or other announcements used in promoting their sale.

Subd. 16. [LIMESTONE.] "Limestone" means a material consisting essentially of calcium carbonate or a combination of calcium carbonate with magnesium carbonate capable of neutralizing soil acidity.

Subd. 17. [MARL.] "Marl" means a granular or loosely consolidated earthy material composed largely of sea shell fragments and calcium carbonate.

Subd. 18. [OFFICIAL SAMPLE.] "Official sample" means a sample of agricultural liming material taken by the commissioner according to methods prescribed by section 10.

Subd. 19. [PERCENT; PERCENTAGE.] "Percent" or "percentage" means the percentage by weight.

Subd. 20. [PERSON.] "Person" means an individual, firm, corporation, partnership, association, trust, joint stock company, unincorporated organization, the state, a state agency, or a political subdivision.

Subd. 21. [PLANT FOOD.] "Plant food" means one of the following plant nutrients or an additional plant nutrient which might be generally recognized as beneficial for plant growth: nitrogen, phosphorus, potassium, calcium, magnesium, sulfur, boron, chlorine, cobalt, copper, iron, manganese, molybdenum, sodium, and zinc.

Subd. 22. [PRODUCER.] "Producer" means a person who operates a source of production or who blends an agricultural liming material to form a stockpile.

Subd. 23. [SELL.] "Sell," when applied to agricultural liming material, includes:

(1) selling or transferring ownership;

(2) offering and exposing for sale, exchange, distribution, giving away, and transportation in and into this state;

(3) possession with intent to sell, exchange, distribute, give away, or transport in and into this state;

(4) storing, carrying, and handling in aid of traffic, whether done in person or through an agent, employee, or others; and

(5) receiving, accepting, and holding a consignment for sale.

Subd. 24. [SOURCE OF PRODUCTION.] "Source of production" means a plant or facility where agricultural liming materials are produced or stockpiled.

Subd. 25. [STOCKPILE.] "Stockpile" means a supply of agricultural liming material stored for future use.

Subd. 26. [TNP.] "TNP" means total neutralizing power and is the total acid neutralizing capacity of an agricultural liming material expressed as a weight percentage of calcium carbonate and is equivalent to the term "calcium carbonate equivalent."

Subd. 27. [TON.] "Ton" means a net ton of 2,000 pounds avoirdupois.

Subd. 28. [WEIGHT.] "Weight" means the weight of material as offered for sale.

Sec. 6. [17.736] [LICENSE, RENEWAL.]

Subdivision 1. [LICENSE TO SELL.] Before a person may sell, offer for sale, or dispose of in this state agricultural liming material to be used for the correction of soil acidity or soil fertility, the distributor and producer must obtain a license by filing with the commissioner an acceptable application for a license to sell, together with the license fee, on or before January 1 of each year. The application must state the name of the producer or distributor, the location of the principal office of the producer or distributor, the number and location of each source of production covered by the license, and the name, brand, or trademark under which the agricultural liming material will be sold.

Subd. 2. [OUT-OF-STATE SOURCE OF PRODUCTION.] One license for all sources of production for a firm that is located outside of the state must be obtained from the commissioner.

Subd. 3. [EFFECTIVE DATES.] Each license is effective until January 1 next following the date of its issuance or approval. A license must not be transferable from one person to another, or from the ownership to whom issued to another ownership, or from one location to another location.

Subd. 4. [LICENSE POSTING.] The license must be posted in a conspicuous place in each location in this state where these operations are performed.

Subd. 5. [SUBSTANTIATION OF CLAIMS.] The commissioner may require a person applying for a license to sell or produce an agricultural liming material for use in Minnesota to submit authentic experimental evidence or university research data to substantiate the claims made for the product. As evidence to substantiate claims, the commissioner may rely on experimental data, evaluations, or advice furnished by experts at the University of Minnesota and may accept or reject additional sources of evidence in evaluating the agricultural liming material. In all cases, the experimental evidence must relate to conditions in Minnesota for which use of the product is intended. The commissioner may also require evidence of value when used as directed or recommended.

Subd. 6. [INSUFFICIENT EVIDENCE.] If the commissioner determines that the evidence submitted under subdivision 5 does not substantiate the product's usefulness in this state, the commissioner may require the applicant to submit samples, conduct tests, or submit additional information, including conditions affecting performance, in order to evaluate its performance and usefulness.

Sec. 7. [17.737] [LABELING; GUARANTEED ANALYSIS.]

Subdivision 1. [PRODUCT LABEL.] An agricultural liming material offered for sale in this state must be labeled in accordance with rules adopted under this chapter.

Subd. 2. [BULK SHIPMENT LABEL.] If agricultural liming material is transported or sold in bulk, the data in written or printed form as required by subdivision 1 must accompany each delivery and be supplied to each purchaser at the time of delivery.

Sec. 8. [17.738] [LICENSE AND SAMPLING FEES.]

Subdivision 1. [APPLICATION FEE.] An application for a license must be accompanied by a fee of \$100.

Subd. 2. [ADDITIONAL FEE AFTER JANUARY 1.] If an application for license renewal is not filed before January 1 of any year, an additional fee amounting to 50 percent of the amount due must be assessed before the renewal license may be issued.

Subd. 3. [ADDITIONAL FEES FOR PRIOR YEARS.] The applicant shall also pay any license fees for prior years in which the applicant sold an agricultural liming material in Minnesota in violation of this chapter plus an additional fee of 100 percent of the amount due.

Subd. 4. [SAMPLE FEE.] The commissioner may sample agricultural liming material from a source of production as often as deemed necessary to implement sections 3 to 15. A sampling fee of \$25 must be assessed for each sample collected but may not exceed \$25 per calendar year at each source of production.

Sec. 9. [17.739] [TONNAGE REPORT.]

Subdivision 1. [SEMIANNUAL STATEMENT.] Each licensed distributor or producer of agricultural liming material shall file with the commissioner on forms furnished by the commissioner, a semiannual statement for the periods ending December 31 and June 30 setting forth the number of net tons of agricultural liming material sold in this state during the reporting period. The report is due on or before the last day of the month following the close of each reporting period of each calendar year. For a tonnage report that is not filed within 31 days after the end of the reporting period, a penalty of \$50 must be paid by the licensee and is a debt and may be recovered in a civil action against the licensee. The assessment of this penalty does not prevent the department from taking other actions as provided in sections 3 to 15. The commissioner may by rule require additional reports for the purpose of gathering statistical data relating to agricultural liming material distributed in Minnesota.

Subd. 2. [SEPARATE REPORTS.] A separate report under subdivision 1 is due for each source of production.

Subd. 3. [RECORD VERIFICATION.] Submission of each tonnage report is authority for the commissioner to verify the records upon which the statement of tonnage is based.

Sec. 10. [17.74] [INSPECTION AND INVESTIGATION.]

Subdivision 1. [ACCESS AND ENTRY.] (a) The commissioner, upon presentation of official department credentials, must be granted access at reasonable times without delay to sites (1) where a person produces, handles, distributes, uses, disposes of, stores, or transports an agricultural liming material; and (2) which the commissioner reasonably believes are affected, or possibly affected, by the use of an agricultural liming material or device in violation of sections 3 to 15.

(b) The commissioner may enter sites for:

(1) inspection of equipment for the production, handling, distribution, disposal, or application of an agricultural liming material and the premises on which the equipment is stored;

(2) sampling of sites actually or reportedly exposed to agricultural liming materials;

(3) inspection of storage, handling, distribution, use, or disposal areas of agricultural liming material;

(4) inspection or investigation of complaints of injury to the environment;

(5) sampling of agricultural liming materials;

(6) observation of the use and application of an agricultural liming material;

(7) inspection of records related to the production, handling, distribution, storage, sale, use, or disposal of agricultural liming material; and

(8) other purposes necessary to implement sections 3 to 15.

Subd. 2. [NOTICE OF INSPECTION SAMPLES AND ANALYSES.] (a) The commissioner shall provide the owner, operator, or agent in charge with a receipt describing any samples obtained. If an analysis is made of the samples, a copy of the results of the analysis must be furnished to the owner, operator, or agent in charge.

(b) The methods of sampling and analysis must be those adopted by the association of official analytical chemists. In cases not covered by those methods, or in cases where methods are available in which improved applicability has been demonstrated, the commissioner may adopt appropriate methods from other sources.

Sec. 11. [17.741] [FALSE OR MISLEADING STATEMENTS.]

An agricultural liming material is misbranded if it carries a false or misleading statement on the container or on the label attached to the container, or if false or misleading statements concerning the agricultural liming material are disseminated in any manner or by any means. It is unlawful to sell a misbranded agricultural liming material.

Sec. 12. [17.742] [ADULTERATION.]

No person may sell an adulterated agricultural liming material. An agricultural liming material is adulterated if:

(1) it contains a deleterious or harmful ingredient in sufficient amount to render it injurious to plant life or the environment when applied in accordance with directions for use on the label;

(2) its composition falls below or differs from that it is purported to possess by its labeling; or

(3) it contains unwanted crop seed or weed seed.

Adulterated products that cannot be reconditioned must be disposed of by methods approved by the commissioner.

Sec. 13. [17.743] [RULES.]

Subdivision 1. [FOR ADMINISTRATION.] The commissioner shall adopt permanent rules necessary to administer sections 3 to 15.

Subd. 2. [LIMING MATERIALS.] The commissioner may adopt rules governing the distribution, labeling, sale, handling, certification, use, application, storage, sampling, and analysis of liming materials.

Sec. 14. [17.744] [VIOLATIONS; PENALTY.]

Subdivision 1. [LICENSE.] The commissioner may cancel a license issued under sections 3 to 15 upon satisfactory evidence that the licensee has used fraudulent and deceptive practices in the evasion or attempted evasion of the provisions of this section. No license may be revoked until the licensee has been given opportunity for a hearing by the commissioner.

Subd. 2. [COMMISSIONER'S DISCRETION.] Nothing in sections 3 to 15 requires the commissioner to report a person for prosecution or issue a withdrawal from distribution (stop-sale) order as a result of a minor violation of sections 3 to 15 or when the commissioner believes the public interest will be best served by a suitable notice of warning in writing.

Sec. 15. [17.745] [ADMINISTRATIVE ACTION.]

Subdivision 1. [ADMINISTRATIVE REMEDIES.] The commissioner may seek to remedy violations of sections 3 to 15 or the commissioner's orders by a written warning, administrative meeting, cease and desist, stop-use, stop-sale, or other special order, stipulation, or agreement, if the commissioner determines that the remedy is in the public interest.

Subd. 2. [REVOCATION AND SUSPENSION.] The commissioner may, after written notice and hearing, revoke, suspend, or refuse to grant or renew a license if a person violates sections 3 to 15 or has a history of violations of sections 3 to 15.

Sec. 16. [INSTRUCTION TO REVISOR.]

In the next and all future editions of Minnesota Statutes, the revisor of statutes shall renumber the sections listed in column A to the numbers listed in column B:

Column A

17.7242

17.7243

17.7245

Column B

17.734

17.735

17.735, subdivision 3

The revisor shall also correct all cross-references to the renumbered sections.

Sec. 17. [REPEALER.]

Minnesota Statutes 1988, sections 17.7241; 17.7244; and 17.7246, are repealed.

Sec. 18. [REPEALER.]

Sections 3 to 15 are repealed effective June 30, 1991.

Sec. 19. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 11

ADVISORY TASK FORCE ON FARM SAFETY

Section 1. [ADVISORY TASK FORCE ON FARM SAFETY.]

Subdivision 1. [PURPOSE AND DUTIES.] An advisory task force on farm safety consisting of 11 members is established. The principal purpose of the task force is to determine ways in which the very high risks of accident and injury to farm operators and their families and employees can be minimized. The task force may review relevant research and studies by other groups and organizations within or outside of Minnesota. The task force may give particular attention to the safety of farm children and youth, accident prevention, equipment design, stress management, and safety education.

Subd. 2. [MEMBERSHIP.] The commissioner of agriculture shall appoint members of the task force who are broadly representative of groups with an interest in farm safety. At least one member must represent each of the following: farm operators; farm organizations; farm equipment manufacturers or dealers; the rural health care industry; the agricultural chemicals industry; and the insurance industry.

Subd. 3. [EXPENSES AND EXPIRATION.] Expenses and expiration of the task force are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 4. [STAFF ASSISTANCE.] The commissioner of agriculture shall provide staff assistance as required for efficient operation of the task force.

Subd. 5. [REPORTS.] On or before March 1, 1990, the task force shall report to the house and senate committees on agriculture its findings and recommendations for legislation on farm accident prevention and other public policy changes that would be likely to improve health and safety on Minnesota farms.

Subd. 6. [FUNDING.] In addition to money appropriated for purposes of this article, the commissioner may solicit from organizations and individuals contributions of money or in-kind services for purposes of the advisory task force and its report.

ARTICLE 12

FARM LAND OWNERSHIP, DEBT

Section 1. Minnesota Statutes 1988, section 47.20, subdivision 15, is amended to read:

Subd. 15. (a) Notwithstanding the provisions of any other law to the contrary, any notice of default on homestead property to which the provisions of chapter 583 apply, mailed after May 24, 1983 and prior to May 1, 1985, or after June 8, 1985, and prior to May 1, 1987, or after the effective date of this article and prior to May 1, 1991, shall indicate that the borrower has 60 days from the date the notice is mailed in which to cure the default. The notice shall include a statement that the borrower may be eligible for an extension of the time prior to foreclosure and execution sale under sections 583.01 to 583.12.

(b) The statement must be in bold type, capitalized letters, or other form sufficient for the reader to quickly and easily distinguish the statement from the rest of the notice. The requirements of this paragraph must be followed on notices mailed under this subdivision on or after August 1, 1985. A violation of this paragraph is a petty misdemeanor.

Sec. 2. Minnesota Statutes 1988, section 500.24, subdivision 6, is amended to read:

Subd. 6. [DISPOSAL OF LAND.] (a) A state or federal agency, limited partnership, or a corporation, ~~other than a family farm corporation or an authorized farm corporation,~~ may not lease or sell

agricultural land or a farm homestead ~~that was acquired by enforcing a debt against the agricultural land or farm homestead, including foreclosure of a mortgage, accepting a deed in lieu of foreclosure, terminating a contract for deed, or accepting a deed in lieu of terminating a contract for deed, before offering or making a good faith effort to offer the land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. The offer must be made on the notice to offer form under subdivision 7.~~ The requirements of this subdivision do not apply to a sale or lease by a corporation that is a family farm corporation or an authorized farm corporation. This subdivision applies only to a sale or lease when the seller or lessor acquired the property by enforcing a debt against the agricultural land or farm homestead, including foreclosure of a mortgage, accepting a deed in lieu of foreclosure, terminating a contract for deed, or accepting a deed in lieu of terminating a contract for deed. Selling or leasing property to a third party at a price is prima facie evidence that the price is acceptable to the seller or lessor. The seller must provide written notice to the immediately preceding former owner that the agricultural land or farm homestead will be offered for sale at least 14 days before the agricultural land or farm homestead is offered for sale.

(b) An immediately preceding former owner is the entity with record legal title to the agricultural land or farm homestead before acquisition by the state or federal agency or corporation except: if the immediately preceding former owner is a bankruptcy estate, the debtor in bankruptcy is the immediately preceding former owner; and if the agricultural land or farm homestead was acquired by termination of a contract for deed or deed in lieu of termination of a contract for deed, the immediately preceding former owner is the purchaser under the contract for deed. For purposes of this subdivision, only a family farm, family farm corporation, or family farm partnership can be an immediately preceding former owner.

(c) An immediately preceding former owner may elect to purchase or lease the entire property or an agreed to portion of the property. If the immediately preceding former owner elects to purchase or lease a portion of the property, the election must be reported in writing to the seller or lessor prior to the time the property is first offered for sale or lease. If election is made to purchase or lease a portion of the property, the portion must be contiguous and compact so that it does not unreasonably reduce access to or the value of the remaining property.

(d) For purposes of this subdivision, the term "a price no higher than the highest price offered by a third party" means the acceptable cash price offered by a third party or the acceptable time-price offer made by a third party. A cash price offer is one that involves simultaneous transfer of title for payment of the entire amount of the offer. If the acceptable offer made by a third party is a time-price

offer, the seller or lessor must make the same time-price offer or an equivalent cash offer to the immediately preceding former owner. An equivalent cash offer is equal to the total of the payments made over a period of the time-price offer discounted by yield curve of the United States treasury notes and bonds on the first business day of the month in which the offer is personally delivered or mailed for time periods similar to the time period covered by the time-price offer, plus 2.0 percent. A time-price offer is an offer that is financed entirely or partially by the seller and includes an offer to purchase under a contract for deed or mortgage. An equivalent cash offer is not required to be made if the state participates in an offer to a third party through the rural finance authority.

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

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

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

(3) if the immediately preceding former owner elects to lease or purchase a portion of the property, this subdivision does not apply to the seller with regard to the balance of the property after the election is made under paragraph (c).

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

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

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

(i) The immediately preceding former owner must exercise the right to lease all or a portion of the agricultural land or a homestead located on agricultural land in writing within 15 days after an offer to lease under this subdivision is mailed with a receipt of mailing or personally delivered. If election is made to lease only the homestead or a portion of the agricultural land, the portion to be leased must be clearly identified in writing. The immediately preceding former owner must exercise the right to buy the agricultural land, a portion

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

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

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

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

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

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

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

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

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

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

(1) an express statement in a deed in lieu of foreclosure of the agricultural land;

(2) an express statement in a deed in lieu of a termination of a contract for deed for the agricultural land;

(3) an express statement conveying the right to the state or federal agency or corporation owning the agricultural land that is required to make an offer under this subdivision, however, the preceding former owner may rescind the conveyance by notifying the state or federal agency or corporation in writing within 20 calendar days after signing the express statement;

(4) to cure a title defect, an express statement conveying the right may be made to a person to whom the agricultural land has been transferred by the state or federal agency or corporation; or

(5) an express statement conveying the right to a contract for deed vendee to whom the agricultural land or farm homestead was sold under a contract for deed by the immediately preceding former owner if the express statement and the contract for deed are recorded.

(m) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision may not be assigned or transferred except as provided in paragraph (l), but may be inherited.

(n) An immediately preceding former owner, except a former owner who is actively engaged in farming as defined in subdivision 2, paragraph (a), and who agrees to remain actively engaged in farming on a portion of the agricultural land or farm homestead for at least one year after accepting an offer under this subdivision, may not sell agricultural land acquired by accepting an offer under this subdivision if the arrangement of the sale was negotiated or agreed to prior to the former owner accepting the offer under this subdivision. A person who sells property in violation of this paragraph is liable for damages plus reasonable attorney fees to a person who is damaged by a sale in violation of this paragraph. There is a rebuttable presumption that a sale by an immediately preceding former owner is in violation of this paragraph if the sale takes place within 180 days of the former owner accepting the offer under this

subdivision. This paragraph does not apply to a sale by an immediately preceding former owner to the owner's spouse, the owner's parents, the owner's sisters and brothers, the owner's spouse's sisters and brothers, or the owner's children.

Sec. 3. Minnesota Statutes 1988, section 550.37, subdivision 4a, is amended to read:

Subd. 4a. [ADJUSTMENT OF DOLLAR AMOUNTS.] (a) Except for subdivisions 5 and 7, the dollar amounts in this section shall change periodically as provided in this subdivision to the extent of changes in the implicit price deflator for the gross national product, 1972 = 100, compiled by the United States Department of Commerce, and hereafter referred to as the index. The index for December, 1980, is the reference base index.

(b) The designated dollar amounts shall change on July 1 of each even-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the index for December of the preceding year and the reference base index is ten percent or more. The portion of the percentage change in the index in excess of a multiple of ten percent shall be disregarded and the dollar amounts shall change only in multiples of ten percent of the amounts stated in this section.

(c) If the index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index shall be determined by multiplying the reference base index then applicable by the rebasing factor furnished by the department of commerce. If the index is superseded, the index referred to in this section is the one represented by the department of commerce as reflecting most accurately changes in the purchasing power of the dollar for consumers.

(d) The commissioner of commerce shall announce and publish:

(1) on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by paragraph (b); and

(2) promptly after the changes occur, changes in the index required by paragraph (c) including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index.

(e) A person does not violate this chapter with respect to a transaction otherwise complying with this chapter if the person relies on dollar amounts either determined according to paragraph

(b) or appearing in the last publication of the commissioner announcing the then current dollar amounts.

Sec. 4. Minnesota Statutes 1988, section 550.37, subdivision 5, is amended to read:

Subd. 5. Farm machines and implements used in farming operations by a debtor engaged principally in farming, livestock, farm produce, and standing crops, not exceeding ~~\$10,000~~ \$13,000 in value. When a debtor is a partnership of spouses or a partnership of natural persons related to each other within the third degree of kindred according to the rules of the civil law, for the purposes of the exemption in this subdivision, the partners may elect to treat the assets of the partnership as assets of the individual partners.

Sec. 5. Minnesota Statutes 1988, section 550.37, subdivision 7, is amended to read:

Subd. 7. The total value of property selected by a debtor pursuant to subdivisions 5 and 6 shall not exceed ~~\$10,000~~ \$13,000, if the exemptions under subdivisions 5 and 6 are combined.

Sec. 6. Minnesota Statutes 1988, section 580.031, is amended to read:

580.031 [MINIMUM NOTICE:]

Notwithstanding the provisions of any other law to the contrary, 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, or after the effective date of this article and prior to May 1, 1991. 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.

Sec. 7. Minnesota Statutes 1988, section 583.24, subdivision 4, is amended to read:

Subd. 4. [DEBTS.] (a) The farmer-lender mediation act does not apply to a debt:

(1) for which a proof of claim form has been filed in bankruptcy by a creditor or that was listed as a scheduled debt, of a debtor who has

filed a petition in bankruptcy after July 1, 1987, under United States Code, title 11, chapter 7, 11, 12, or 13;

(2) if the debt was in default when the creditor received a mediation proceeding notice under the farmer-lender mediation act and the creditor filed a claim form, the debt was mediated during the mediation period under section 583.26, subdivision 8, and (i) the mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

(3) for which the creditor has served a mediation notice, the debtor has failed to make a timely request for mediation, and within 30 45 days after the debtor failed to make a timely request the creditor began a proceeding to enforce the debt against the agricultural property of the debtor;

(4) for which a creditor has received a mediation proceeding notice and the creditor and debtor have restructured the debt and have signed a separate mediation agreement with respect to that debt; or

(5) for which there is a lien for rental value of farm machinery under section 514.661 or a lien for rental value relating to a contract for deed subject to the farmer-lender mediation act under section 559.2091.

(b) For purposes of paragraph (a), clause (3), providing a copy of a forbearance policy is considered beginning a proceeding to enforce a debt if the board of an institution has adopted a forbearance policy that provides for deferring or rescheduling payments of principal or interest, renewal or extension of loan terms, reduction in the amount or rate of principal or interest due on a loan, or other similar actions, and requires that the debtor must receive a copy of the policy at least 20 days prior to loan acceleration or debt collection proceedings.

Sec. 8. Minnesota Statutes 1988, section 583.26, subdivision 1, is amended to read:

Subdivision 1. [MEDIATION NOTICE.] (a) A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections 336.9-501, 550.365, 559.209, and 582.039 on the debtor and the director. The creditor must also file with the director proof of the date the mediation notice was served on the debtor. The creditor may not begin the proceeding until the stay of the creditor's remedies is lifted under subdivision 5, or as allowed under sections 583.20 to 583.32.

(b) For purposes of the farmer-lender mediation act, starting a proceeding to enforce a debt means initiating a proceeding under chapter 550, 580, or 581; sections 336.9-501 to 336.9-508; or section 559.21.

(c) The director shall combine all mediation notices for the same debtor that are received prior to the initial mediation meeting into one mediation proceeding.

Sec. 9. Laws 1983, chapter 215, section 16, as amended by Laws 1984, chapter 474, section 7, as amended by Laws 1985, chapter 306, section 26, as amended by Laws 1987, chapter 292, section 36, is amended to read:

Sec. 16. [REPEALER.]

Sections 1 to 15 are repealed effective July 1, ~~1989~~ 1991, but any postponement or other relief ordered by a court continues to be valid for the period ordered by the court.

Sec. 10. Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37, is amended to read:

Sec. 18. [REPEALER.]

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), and sections 583.284, 583.285, and 583.305, are repealed on July 1, ~~1989~~ 1991.

Sec. 11. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 13

LIVESTOCK REPORT DEADLINE

Section 1. Laws 1987, chapter 396, article 9, section 1, subdivision 4, as amended by Laws 1988, chapter 688, article 19, section 1, is amended to read:

Subd. 4. [REPORT.] The interdisciplinary study team shall prepare and deliver to the commissioner of agriculture a report on the results of the study. If feasible, the study team shall also submit the results of the study in a form appropriate for publication in one or more recognized scientific journals. The commissioner shall report results of the study to the house and senate committees on agriculture not later than August 1, ~~1989~~ 1991.

ARTICLE 14

AGRICULTURAL LANDLORD RENTAL INCENTIVE PROGRAM

Section 1. [41B.0395] [AGRICULTURAL LANDLORD RENTAL INCENTIVE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The authority shall establish, develop criteria for, and administer an agricultural landlord rental incentive program to encourage owners of farmland to help beginning farmers enter farming.

Subd. 2. [ELIGIBILITY.] An owner of farmland is eligible to participate in the agricultural landlord rental incentive program if the owner rents the land to a farmer who:

(1) is a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2;

(2) is the principal operator of the farm;

(3) has not previously received assistance under sections 41B.01 to 41B.23;

(4) has sufficient education, training, or experience in the type of farming to be undertaken on the rented farmland;

(5) has a total net worth, including assets and liabilities of the renter's spouse and dependents, of less than \$100,000;

(6) shows an ability to pay the rent;

(7) shows that the agricultural land to be rented will be used for agricultural purposes;

(8) shows that farming will be the principal occupation of the renter;

(9) agrees to participate in a farm management program approved by the commissioner of agriculture for at least the first five years of the tenancy; and

(10) agrees to file a soil and water conservation plan with the soil and water conservation district. The commissioner of agriculture may compensate the landowner for an easement under section 40.43, subdivision 6, but is not required to do so.

Subd. 3. [PAYMENT TO LANDOWNER.] On application by an eligible owner of land, the authority shall pay the landowner, for no

more than five years, (1) an amount equal to the homestead credit the owner would have received if the land was homestead property; or (2) if the land is bare land or has no house on it, 20 percent of the gross property tax on up to 320 acres, but no more than \$1,000 per year.

Sec. 2. Minnesota Statutes 1988, section 308.12, subdivision 5, is amended to read:

Subd. 5. Notwithstanding the provisions of section 345.43, a cooperative association organized under the laws of this state ~~may~~ shall, in lieu of paying or delivering to the commissioner of commerce the unclaimed property specified in its report of unclaimed property, distribute the unclaimed property to a ~~corporation or organization which is exempt from taxation under section 290.05, subdivision 1, paragraph (b), or 2~~ the agricultural landlord rental incentive fund, which is established in the state treasury and which is annually appropriated to the rural finance authority for purposes of the agricultural landlord rental incentive program in section 1. A cooperative association making this election shall, within 20 days after the time specified in section 345.42 for claiming the property from the holder, file with the commissioner a verified written explanation of the proof of claim of any owner establishing a right to receive the abandoned property; any error in the presumption of abandonment; and the name, address, and exemption number of the ~~corporation or organization to which the property was or is to be distributed~~ and the approximate date of distribution to the agricultural landlord rental incentive fund. Nothing in this subdivision alters the procedure provided in sections 345.41 and 345.42 whereby cooperative associations report unclaimed property to the commissioner and claims of owners are made to the cooperative associations for a period of 65 days following the publication of lists of abandoned property. The rights of an owner to unclaimed property held by a cooperative association is extinguished upon the disbursement of the property by the cooperative association to a ~~tax-exempt organization~~ the agricultural landlord rental incentive fund in accordance with this section.

ARTICLE 15

MOTOR FUEL LABELING

Section 1. Minnesota Statutes 1988, section 239.79, subdivision 2, is amended to read:

Subd. 2. ~~[GASOLINE ALCOHOL BLENDS; IDENTIFICATION PRODUCT INFORMATION AVAILABLE.]~~ When gasoline blended with alcohol is sold, offered for sale, or dispensed for use in motor vehicles, the dispenser shall be clearly marked to identify the type of alcohol, if more than one percent by volume, blended with the

gasoline must be available to a customer, on request, at the site. The marking must consist of a white or yellow adhesive decal at least two inches by six inches with clearly printed black lettering at least one-half inch high and one-eighth inch in stroke. The marking shall be conspicuously displayed on both sides of the dispenser and state that the gasoline "CONTAINS ETHANOL" or "CONTAINS METHANOL" or has been "ETHANOL ENRICHED." This subdivision does not prohibit the posting of other alcohol or additive information. A sign stating "INFORMATION ON THE CONTENTS AND PROPERTIES OF MOTOR FUELS SOLD HERE IS AVAILABLE FROM THE SALES ATTENDANT" must be displayed conspicuously on the dispenser.

Sec. 2. Minnesota Statutes 1988, section 239.79, is amended by adding a subdivision to read:

Subd. 3. [MOTOR FUEL INFORMATION SHEET.] A materials safety data sheet fulfills the information requirements of subdivision 2.

ARTICLE 16

DAIRY INDUSTRY CHECK-OFF RATE

Section 1. Minnesota Statutes 1988, section 17.59, is amended by adding a subdivision to read:

Subdivision 1a. [DAIRY INDUSTRY CHECKOFF RATE.] Notwithstanding subdivision 1, the Minnesota dairy research and promotion order, or any provision to the contrary in this chapter or rules adopted under this chapter, the checkoff rate applicable to the dairy research and promotion council must be equal to the maximum credit allowed under the Dairy Promotion and Research Order, adopted under the Dairy Production Stabilization Act of 1983, United States Code, title 7, sections 4501 to 4538, for producers participating in a qualified state or regional dairy product promotion or nutrition education program. The checkoff rate provided in this subdivision is effective and must be automatically adjusted without the necessity of an amendment to the Minnesota dairy research and promotion order.

Subdivision 1 applies for the establishment of the checkoff rate applicable to the dairy research and promotion council if:

(1) the Dairy Production Stabilization Act of 1983 is repealed;

(2) the Dairy Promotion and Research Order is suspended or terminated, in which case subdivision 1 applies only during the period of suspension or termination; or

(3) the federal credit for participation in a qualified state or regional dairy product or nutrition education program is eliminated.

Sec. 2. [EFFECTIVE DATE.]

This article is effective July 1, 1989.

ARTICLE 17

ARBITRATION OF SEED CLAIMS

Section 1. [21.93] [ARBITRATION.]

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

(b) "Arbitration council" means the arbitration council established by rule.

(c) "Buyer" means a buyer of a seed for planting.

(d) "Seed claim" means a claim for damages for the failure of the seed for planting to produce or perform as represented by the label required to be attached to the seed under section 21.82, by warranty, or as a result of negligence.

(e) "Seller" means a seller of a seed for planting.

Subd. 2. [APPLICABILITY.] (a) This section applies to seed if conspicuous language notifying the buyer that claims for damages must be submitted to arbitration under this section before a legal action is started is stated on the analysis label under section 21.82 or other label attached to the seed bag or package.

(b) Arbitration is not required unless the notice under paragraph (a) is provided.

(c) If arbitration is required, the arbitration report is binding on all parties to the arbitration to the extent the parties have agreed to be bound in a contract governing the sale of the seed.

(d) In the absence of an agreement if a buyer has not agreed to be bound by arbitration, a buyer may begin a legal action for a seed claim against a seller or assert the seed claim as a counterclaim or defense in an action brought by the seller after the arbitration report is received.

Subd. 3. [ARBITRATION BEFORE INITIATING LEGAL CLAIM.] (a) A buyer must enter arbitration under this section

before beginning a legal action against a dealer or seller for damages resulting from a seed claim if the seed contains the label prescribed in subdivision 2, paragraph (a). Notwithstanding chapter 541, the applicable period of limitations to file a legal action for a seed claim is tolled from the time the buyer's claim is filed in arbitration until ten days after the arbitration report is filed with the commissioner.

(b) A seed claim for which the seed contains the label prescribed in subdivision 2, paragraph (a), may not be asserted by a buyer as a counterclaim or defense in a legal action brought by a seller against a buyer, until the buyer has filed the seed claim for arbitration. When the buyer files a written notice of intention to assert a seed claim as a counterclaim or defense in a seller's action against the buyer with a copy of the buyer's complaint filed in arbitration, the legal action of the seller against the buyer is stayed, and notwithstanding chapter 541 the applicable statute of limitations is suspended with respect to the claim, until ten days after the arbitration report is filed with the commissioner.

Subd. 4. [ARBITRATION REPORT AS EVIDENCE.] In legal action involving a seed claim that has been arbitrated under this section, a party may introduce the arbitration report as evidence of the facts found in the arbitration report. The court may consider the arbitration council's findings and conclusions of law and recommendations concerning damages and costs, as the court determines based on the evidence before the court. The court may consider findings of the arbitration council with respect to the failure of a party to cooperate in the arbitration proceedings, including a finding concerning the effect of delay in filing the arbitration claim on the arbitration council's ability to determine the facts of the case.

Subd. 5. [RULES.] (a) The commissioner shall by rule establish an arbitration council and procedures for the implementation of this section including the establishment of fees for application.

(b) The commissioner shall appoint members of the arbitration council.

ARTICLE 18

APPROPRIATIONS

Section 1. [SMALL RUMINANT SPECIALIST.]

\$40,000 is appropriated from the general fund to the University of Minnesota for use by the Minnesota extension service to fund a research and teaching position on small ruminant animals. This appropriation represents 25 percent of the anticipated total cost of the position that will be jointly funded to the extent of approxi-

mately 50 percent by the university college of veterinary medicine and 25 percent by the agricultural experiment stations in cooperation with the university department of animal science. This appropriation is available for the biennium ending June 30, 1991. The appropriation is nonrecurring and shall not be included in the base for the 1991-1993 biennial budget request.

Sec. 2. [KANARANZI-LITTLE ROCK WATERSHED DISTRICT.]

\$50,000 is appropriated from the general fund to the board of water and soil resources for a grant to the Kanaranzi-Little Rock watershed district for purposes of implementing a federal conservation project in the district. This appropriation is available for the biennium ending June 30, 1991.

Sec. 3. [AGRICULTURE INFORMATION CENTERS.]

\$250,000 is appropriated from the general fund to the commissioner of agriculture for agriculture information centers. \$125,000 of this appropriation is available without a nonstate match. The remaining \$125,000 may be released at the rate of one dollar for each dollar of matching nonstate money that is raised. The general fund appropriation is available until June 30, 1991.

Sec. 4. [LOW LIVESTOCK PRODUCTIVITY STUDY.]

\$50,000 is appropriated from the general fund to the commissioner of agriculture for purposes of the study required under article 13. Of this appropriation, not more than \$4,000 is available for administrative costs of the department of agriculture and mileage and expense reimbursements to members of the advisory board. This appropriation is available for the biennium ending June 30, 1991.

Sec. 5. [APPROPRIATIONS; COUNTY AND DISTRICT AGRICULTURAL SOCIETIES.]

\$75,000 is appropriated from the general fund to the commissioner of agriculture as supplemental funding to provide increased levels of state aid to county and district agricultural societies under Minnesota Statutes, section 38.02, during the biennium ending June 30, 1991.

Sec. 6. [PSEUDORABIES RESEARCH.]

\$200,000 is appropriated from the general fund to the University of Minnesota for further research on pseudorabies and the control or eradication of pseudorabies in Minnesota. Of this appropriation, \$100,000 is available for the first year and \$100,000 is available for the second year of the biennium ending June 30, 1991. The appro-

priation is nonrecurring and shall not be included in the base for the 1991-1993 biennial budget request.

Sec. 7. [PSEUDORABIES CONTROL.]

\$200,000 is appropriated from the general fund to the board of animal health for continuing and expanding a control program for pseudorabies in swine. The program must be coordinated by board of animal health personnel. This appropriation is for the biennium ending June 30, 1991, and is in addition to other appropriations to the board of animal health for pseudorabies control.

Sec. 8. [FORAGE AND TURF SEED SPECIALIST; CROOKSTON CAMPUS.]

\$96,000 is appropriated from the general fund to the University of Minnesota for a crop management specialist on seed production of forage and turf species in northern Minnesota, and for supplies, services, and expenses related to the specialist's work. The specialist must be located at the Crookston campus of the university. Of this appropriation, \$48,000 is available for the first year and \$48,000 is available for the second year of the biennium ending June 30, 1991. The appropriation is nonrecurring and shall not be included in the base for the 1991-1993 biennial budget request.

Sec. 9. [BARLEY RESEARCH AND PROMOTION.]

\$20,000 is appropriated from the general fund to the commissioner of agriculture to assist in the implementation of research and promotional orders for barley under Minnesota Statutes, sections 17.51 to 17.69. Of this appropriation, \$10,000 is available for the first year and \$10,000 is available for the second year of the biennium ending June 30, 1991.

Sec. 10. [17B.33] [INSPECTION COSTS; DULUTH.]

\$100,000 is appropriated from the general fund to the commissioner of agriculture to be applied to the mandated cost of state grain inspection at the Seaway Port Authority of Duluth. Of this appropriation, \$50,000 is available for the first year and \$50,000 is available for the second year of the biennium ending June 30, 1991. This appropriation is to be released at a rate not to exceed \$1 per metric ton of grain shipped in export.

Sec. 11. [VOCATIONAL PROGRAMS.]

\$200,000 is appropriated from the general fund to the state board of vocational technical education for:

(1) reduced tuition costs for existing farm business management and small business management programs;

(2) support staff and workshops to assist farm business management instructors in providing farmers' assistance with processing FmHA emergency drought loans and farm mediation;

(3) new staff for farm and small business management and beginning farmer programs; and

(4) evaluation of present available farm business analysis systems.

Of this appropriation, \$100,000 is available the first year and \$100,000 is available the second year of the biennium ending June 30, 1991. The appropriation is nonrecurring and shall not be included in the base for the 1991-1993 biennial budget request.

Sec. 12. [APPROPRIATION; ETHANOL PROMOTION.]

Notwithstanding Minnesota Statutes, section 41A.09, subdivision 1, \$75,000 is appropriated from the ethanol development fund established under Minnesota Statutes, section 41A.09, to the commissioner of agriculture for the biennium ending June 30, 1991, for the purpose of promoting ethanol fuel usage. Of this appropriation, \$37,500 is available for the first year and \$37,500 is available the second year of the biennium ending June 30, 1991.

Sec. 13. [FARMAMERICA.]

\$50,000 is appropriated from the general fund to the commissioner of agriculture to be disbursed to the Minnesota Agricultural Interpretive Center for operation of FARMAMERICA in Waseca county. Of this appropriation, \$25,000 is available for the first year and \$25,000 is available for the second year of the biennium ending June 30, 1991.

Sec. 14. [EMERGENCY HAYLIFT PROGRAM.]

\$100,000 is appropriated from the general fund to the commissioner of agriculture to be available until March 1, 1990, to continue operation of the emergency haylift operation begun as a response to the 1988 drought. Any amount of this appropriation that remains unencumbered after March 1, 1990, cancels to the general fund.

Sec. 15. [FEDERAL CROP INSURANCE PREMIUMS.]

\$2,500,000 is appropriated from the general fund to the commissioner of agriculture for making the federal crop insurance payment

under article 1, sections 1 to 3. This appropriation does not cancel but remains available for the biennium ending June 30, 1991.

Sec. 16. [DEGRADABLE CONTAINER EVALUATION.]

\$20,000 is appropriated from the general fund to the commissioner of agriculture for purposes of establishing container degradability criteria under article 2, section 2.

Sec. 17. [MINNESOTA-GROWN WIC COUPONS.]

\$125,000 is appropriated from the general fund to the commissioner of agriculture to be available for a demonstration project to provide Minnesota-grown coupons to participants in the federal supplemental food program for women, infants, and children under article 5. Of this appropriation, \$62,500 is available for the first year and \$62,500 is available for the second year of the biennium ending June 30, 1991.

Sec. 18. [COMMUNITY NEEDS ASSESSMENT MODEL.]

\$150,000 is appropriated from the general fund to the commissioner of administration for purposes of the community needs assessment model development under article 7.

Sec. 19. [CHEESE MARKETING STUDY.]

\$10,000 is appropriated from the general fund to the commissioner of agriculture for purposes of conducting the cheese marketing investigation under article 8. Any portion of this appropriation that remains unencumbered on July 1, 1990, cancels to the general fund.

Sec. 20. [GRASSHOPPER CONTROL PROGRAMS.]

\$50,000 is appropriated from the general fund to the commissioner of agriculture for purposes of the grasshopper control programs under article 9. This appropriation is available for either the first year or the second year of the biennium ending June 30, 1991.

Sec. 21. [AGRICULTURAL LIMING MATERIALS.]

\$75,000 is appropriated from the general fund to the commissioner of agriculture for purposes of the demonstration project in sections 17.7242 to 17.7245 and to support an agricultural liming material regulatory program. This appropriation is available until June 30, 1991.

Sec. 22. [TASK FORCE ON FARM SAFETY.]

\$5,000 is appropriated from the general fund to the commissioner of agriculture for purposes of the advisory task force on farm safety under article 11.

Sec. 23. [FARMER-LENDER MEDIATION COSTS.]

\$195,000 is appropriated from the general fund to the Minnesota Extension Service for expenses of the farmer-lender mediation program. \$97,500 of this appropriation is available for the first year and \$97,500 is available for the second year of the biennium ending June 30, 1991.

Sec. 24. [APPROPRIATION; SHIITAKE MUSHROOM CULTURE.]

\$180,000 is appropriated from the general fund to the commissioner of agriculture, to be matched on the basis of \$1 of nonstate money for each \$1 of this appropriation, for contracting for further study of the indoor culture of shiitake mushrooms grown on hardwood logs in Minnesota. This appropriation is available for the biennium ending June 30, 1991. As part of the contract, a report must be prepared and submitted to the chairs of the agriculture committees of the legislature by January 30, 1992.

Sec. 25. [FARM ADVOCATE PROGRAM.]

\$200,000 is appropriated from the general fund to the commissioner of agriculture for support of the farm advocates program. Of this appropriation, \$100,000 is available for the first year and \$100,000 is available for the second year of the biennium ending June 30, 1991.

Sec. 26. [AGRICULTURAL LANDLORD RENTAL INCENTIVE.]

\$300,000 is appropriated from the general fund to the rural finance authority for the biennium ending June 30, 1991, for the purposes of article 14.

Sec. 27. [ORGANICALLY GROWN CERTIFICATION PROGRAM.]

\$200,000 is appropriated from the general fund to the commissioner of agriculture for continuation of the certification program for organically grown food products established in Minnesota Statutes, section 31.95. Of this appropriation, \$100,000 is available for the first year and \$100,000 is available for the second year of the biennium ending June 30, 1991.

Sec. 28. [PURCHASE OF AGRICULTURE DEPARTMENT BUILDING.]

\$7,000,000 is appropriated from the state building fund to the commissioner of administration to purchase and remodel the agriculture department building located at 90 West Plato Boulevard, Saint Paul, Minnesota. The commissioner of administration may also negotiate a lease-purchase agreement.

Sec. 29. [BUILDING FUND.]

To provide money appropriated in section 28 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 \$7,000,000 in the manner, upon the terms, and with the effect prescribed in Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 30. [APPROPRIATION FOR DEBT SERVICE.]

\$1,100,000 is appropriated from the general fund to the state bond fund to pay principal and interest associated with the sale of state general obligation bonds authorized in section 29.

Sec. 31. [PURPLE LOOSESTRIFE ERADICATION.]

\$100,000 is appropriated from the general fund to the commissioner of agriculture to continue the program of purple loosestrife (*Lithrum salicaria*) eradication under Laws 1988, chapter 688, article 21, section 20. Of this appropriation, \$50,000 is available for the first year and \$50,000 is available for the second year of the biennium ending June 30, 1991.

Sec. 32. [ARBITRATION OF SEED CLAIMS.]

\$5,000 is appropriated from the general fund to the commissioner of agriculture for adopting rules to implement the program for arbitration of seed claims. This appropriation is available for the biennium ending June 30, 1991.

Sec. 33. [HEALTH SCREENING.]

\$150,000 is appropriated from the general fund for the biennium ending June 30, 1991, to the commissioner of agriculture to provide funding to the environmental pathology program of the University of Minnesota's department of laboratory medicine and pathology to conduct a health screening and intervention program for herbicide and fumigant applicators in the state. This appropriation is nonrecurring and shall not be included in the base for the 1991-1993 biennial budget request.

Sec. 34. [EFFECTIVE DATE.]

Sections 14, 15, and 20 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; providing partial premium payment for federal crop insurance; requiring lawn waste containers to be degradable; establishing uniformity with certain federal regulations; requiring the use of soy-oil based inks for printing under certain conditions; providing Minnesota-grown coupons to WIC coupon recipients at test sites; suspending certain noxious weed control practices during drought conditions; providing for development of a community needs assessment model; authorizing an investigation of cheese marketing institutions and practices; establishing a grasshopper control program; creating an agricultural liming materials law; establishing an advisory task force on farm safety; extending the farmer-lender mediation act and clarifying various provisions; extending the date for a report of the team study on low livestock productivity; changing certain requirements for motor vehicle fuel labeling; establishing an agricultural landlord rental incentive program; limiting liability of certain agricultural society board numbers; setting a dairy industry check-off rate; providing for arbitration of seed claims; providing for purchase of the agriculture department building; authorizing bond sales; appropriating money; amending Minnesota Statutes 1988, sections 17.7242, subdivisions 1 and 2; 17.59, by adding a subdivision; 31.101; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.11; 38.013; 47.20, subdivision 15; 1160.09, subdivision 5; 239.79, subdivision 2, and by adding a subdivision; 308.12, subdivision 5; 325E.045, subdivision 1, and by adding subdivisions; 500.24, subdivision 6; 550.37, subdivisions 4a, 5, and 7; 580.031; 583.24, subdivision 4; 583.26, subdivision 1; Laws 1983, chapter 215, section 16, as amended; Laws 1986, chapter 398, article 1, section 18, as amended; Laws 1987, chapter 396, article 9, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 16B; 17; 17B; 18; 21; 41B; and 169; repealing Minnesota Statutes 1988, sections 17.7241; 17.4244; 17.7246."

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. 1181, A bill for an act relating to metropolitan government; regulating budgets; amending Minnesota Statutes 1988, sections 473.145; 473.1623, subdivision 4, and by adding subdivisions; 473.167, subdivisions 3 and 5; 473.173, subdivisions 3 and 4;

473.249, subdivision 1; repealing Minnesota Statutes 1988, section 473.249, subdivision 3.

Reported the same back with the following amendments:

Page 4, after line 1, insert:

"Sec. 5. Minnesota Statutes 1988, section 473.167, subdivision 2, is amended to read:

Subd. 2. [LOANS FOR ACQUISITION.] The council may make loans to counties, towns, and statutory and home rule charter cities within the metropolitan area for the purchase of property within the right-of-way of a state trunk highway shown on an official map adopted pursuant to section 394.361 or 462.359 or for the purchase of property within the proposed right-of-way of a principal or intermediate arterial highway designated by the council as a part of the metropolitan highway system plan and approved by the council pursuant to subdivision 1. The loans shall be made by the council, from the fund established pursuant to this subdivision, for purchases approved by the council. The loans shall bear no interest. The council shall make loans only: (1) to accelerate the acquisition of primarily undeveloped property when there is a reasonable probability that the property will increase in value before highway construction, and to update an expired environmental impact statement on a project for which the right-of-way is being purchased; or (2) to avert the imminent conversion or the granting of approvals which would allow the conversion of property to uses which would jeopardize its availability for highway construction. The council shall not make loans for the purchase of property at a price which exceeds the fair market value of the property or which includes the costs of relocating or moving persons or property. A private property owner may elect to receive the purchase price either in a lump sum or in not more than four annual installments without interest on the deferred installments. If the purchase agreement provides for installment payments, the council shall make the loan in installments corresponding to those in the purchase agreement. The recipient of an acquisition loan shall convey the property for the construction of the highway at the same price which the recipient paid for the property. The price may include the costs of preparing environmental documents that were required for the acquisition and that were paid for with money that the recipient received from the loan fund. Upon notification by the council that the plan to construct the highway has been abandoned or the anticipated location of the highway changed, the recipient shall sell the property at market value in accordance with the procedures required for the disposition of the property. All rents and other money received because of the recipient's ownership of the property and all proceeds from the conveyance or sale of the property shall be paid to the council. If a recipient is not permitted to include in the conveyance price the cost

of preparing environmental documents that were required for the acquisition, then the recipient is not required to repay the council an amount equal to 40 percent of the money received from the loan fund and spent in preparing the environmental documents. The proceeds of the tax authorized by subdivision 3, all money paid to the council by recipients of loans, and all interest on the proceeds and payments shall be maintained as a separate fund. For administration of the loan program the council may expend from the fund each year an amount no greater than three percent of the amount of the authorized levy for that year."

Page 8, line 1, after "assessing" insert "and determining"

Page 8, line 2, delete "or effect" and after the period insert "The statement may be amended by notice to all parties given at least seven days before the public hearing. The statement does not preclude council comment on the consistency of the proposed project with any plans or policies of the council."

Page 8, line 9, delete "Cross-examination must be allowed of"

Page 8, line 10, before the period, insert "may be questioned by the hearing committee or judge, or by other parties"

Page 8, line 11, delete everything after "proof" and insert "that a"

Page 8, line 12, delete "and must be met by a fair"

Page 8, delete line 13 and insert "is on the council."

Page 8, line 14, after "council" insert "on the metropolitan significance of a project" and after "on" insert "a fair preponderance of the"

Page 9, line 35, delete "5, 6, 9, and 11" and insert "6, 7, 10, and 12"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "subdivisions 3" and insert "subdivisions 2, 3,"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

S. F. No. 997, A bill for an act relating to the environment; authorizing the pollution control agency to assist persons in reviewing real property for petroleum tank releases and to be paid for such assistance; authorizing expenditures from the petroleum tank release compensation fund; changing the terms for reimbursement of petroleum tank release costs by the petroleum tank release compensation board; requiring notification by owners of aboveground tanks; amending Minnesota Statutes 1988, sections 115C.03, by adding a subdivision; 115C.08, subdivision 4; 115C.09; and 116.48.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 66, 189, 535, 629, 878 and 1181 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 997 was read for the second time.

MOTIONS AND RESOLUTIONS

Kalis moved that the names of Lieder; Carlson, D.; Lasley and Morrison be added as authors on H. F. No. 1764. The motion prevailed.

SUSPENSION OF RULES

McLaughlin moved that the rules be so far suspended that House Resolution No. 11 be recalled from the Committee on Rules and Legislative Administration and be placed upon its immediate adoption. The motion prevailed.

House Resolution No. 11 was reported to the House.

McLaughlin moved that House Resolution No. 11 be now adopted.

HOUSE RESOLUTION NO. 11

A house resolution commemorating the life and work of Richard Reginald Green.

Whereas, Richard Reginald Green was born May 27, 1936, in Arkansas; and

Whereas, his family moved to Minneapolis in 1938, and he attended Sumner School, Grant Elementary, Franklin Junior High, and Vocational High School, where he starred on the basketball and football teams; and

Whereas, he received a Bachelor's Degree at Augsburg College, where he was an all-conference basketball and football player, and a Master's Degree from St. Cloud State College; and

Whereas, after becoming a Minneapolis school teacher in 1959, he became assistant basketball coach, head coach, and then assistant principal at North High School; and

Whereas, after obtaining a doctorate degree in educational administration from the Harvard Graduate School of Education, he served as North High School principal for two years, being appointed superintendent of the West Area Schools in 1976; and

Whereas, he served as Minneapolis School Superintendent from 1980 to January 1988, and then named Chancellor of the New York City public school system, the largest in the nation with nearly one million students; *Now, Therefore*,

Be It Resolved by the House of Representatives of the State of Minnesota that it commemorates the life and work of Richard Reginald Green. He gained a nationwide reputation as an exciting and innovative leader. His concern for the welfare of all students of varied backgrounds has resulted in reform and improvement to the Minneapolis public school system.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to prepare enrolled copies of this resolution, to be authenticated by his signature and that of the Speaker, and that they be presented to his wife, Gwen, and their four children.

The motion prevailed and House Resolution No. 11 was adopted.

ADJOURNMENT

Wynia moved that when the House adjourns today it adjourn until 12:00 noon, Monday, May 15, 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, Monday, May 15, 1989.

EDWARD A. BURDICK, Chief Clerk, House of Representatives