STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1992

EIGHTY-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 23, 1992

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

Prayer was offered by the Reverend Eleanor M. Hunsberger, Luther Northwestern Seminary, St. Paul, Minnesota.

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

The roll was called and the following members were present:

Abrams	Frederick	Kinkel	Olsen, S.	Skoglund
Anderson, I.	Frerichs	Knickerbocker	Olson, E.	Smith
Anderson, R.	Garcia	Koppendrayer	Olson, K.	Solberg
Anderson, R. H.	Girard	Krambeer	Omann	Sparby
Battaglia	Goodno	Krinkie	Onnen	Stanius
Bauerly	Greenfield	Krueger	Orenstein	Steensma
Beard	Gruenes	Lasley	Orfield	Sviggum
Begich	Gutknecht	Leppik	Osthoff	Swenson
Bertram	Hanson	Lieder	Ostrom	Thompson
Bettermann	Hartle	Limmer	Ozment	Tompkins
Bishop	Hasskamp	Lourey	Pauly	Trimble
Blatz	Haukoos	Lynch	Pellow	Tunheim
Bodahl	Hausman	Macklin	Pelowski	Uphus
Boo	Heir	Mariani	Peterson	Valento
Brown	Henry	Marsh	Pugh	Vanasek
Carlson	Hufnagle	McEachern	Reding	Vellenga
Carruthers	Hugoson	McGuire	Rest	Wagenius
Clark	Jacobs	McPherson	Rice	Waltman
Cooper	Janezich	Milbert	Rodosovich	Weaver
Dauner	Jaros	Morrison	Rukavina	Wejcman
Davids	Jefferson	Munger	Runbeck	Welker
Dawkins	Jennings	Murphy	Sarna	Welle
Dempsey	Johnson, A.	Nelson, K.	Schafer	Wenzel
Dille	Johnson, R.	Nelson, S.	Schreiber	Winter
Dorn	Johnson, V.	Newinski	Seaberg	Spk. Long
Erhardt	Kalis	O'Connor	Segal	
Farrell	Kelso	Ogren	Simoneau	

A quorum was present.

Kahn was excused.

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

REPORTS OF STANDING COMMITTEES

Sarna from the Committee on Commerce to which was referred:

H. F. No. 487, A bill for an act relating to commerce; requiring local units of government to license the retail sale of cigarettes; providing for mandatory suspension of licenses for sales to minors; amending Minnesota Statutes 1990, section 461.12.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [461.111] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 461.111 to 461.15.

Subd. 2. [LOCAL GOVERNMENT UNIT.] "Local government unit" means the town board, the governing body of a home rule charter or statutory city, or the county board.

Subd. 3. [TOBACCO.] "Tobacco" has the meaning given in section 609.685, subdivision 1.

Sec. 2. Minnesota Statutes 1990, section 461.12, is amended to read:

461.12 [MUNICIPAL ~~CIGARETTE~~ TOBACCO LICENSE.]

Subdivision 1. [AUTHORIZATION.] ~~The town board or governing body of each town and home rule charter and statutory city may~~ A town board or governing body of a home rule charter or statutory city may license and regulate the retail sale ~~at retail~~ of ~~cigarettes, cigarette paper, or cigarette wrappers~~ tobacco and ~~fix the~~ establish a license fee for sales. The county board shall license and regulate the sale of tobacco in unorganized territory and in a town or a home rule charter or statutory city if the town or city is not licensing or regulating retail tobacco sales. Each sales location, including each vending machine dispensing tobacco, must be licensed separately.

Subd. 2. [AUTHORIZED REGULATIONS.] The ~~town or city~~ local

government unit may charge a uniform annual fee for all sellers or different annual fees for different classes of sellers. The fee must be sufficient to recover the cost of enforcement of this section. It may provide for the punishment of any violation of the regulations, and make other provisions for the regulation of the sale of ~~cigarettes~~ tobacco within its jurisdiction as are permitted by law. ~~The county board may make like provisions for licensing and regulating the sale of cigarettes in unorganized territory. The provisions of~~ A licensee must be given a written warning if the licensee is found to have sold tobacco to a person under the age of 18 years at that location. A seven-day suspension must be imposed for a second violation by the same individual occurring within a 12-month period at the sale location. A three-month suspension must be imposed for a third violation by the same individual occurring within a 12-month period at the sale location. No suspension may take effect until the license holder has been given reasonable notice of an alleged violation and has been afforded an opportunity for a hearing before a person authorized by the local government unit to conduct the hearing. A decision that a violation has occurred must be in writing and based on the record compiled at the hearing. A decision may be appealed to the district court of the county in which the sale occurred. This section ~~shall~~ does not apply to the licensing of ~~sale of cigarettes~~ tobacco sales in cars of common carriers.

Subd. 3. [ADMINISTRATIVE PENALTY.] The local government unit shall impose, on an individual who sells tobacco to a person under the age of 18 years, an administrative penalty of $50. The individual must be given reasonable notice of an alleged violation and afforded an opportunity for a hearing before a person authorized by the governing body of the local government unit to conduct the hearing. A decision that a violation has occurred must be in writing and based on the record compiled at the hearing. A decision may be appealed to the district court of the county in which the sale occurred.

Subd. 4. [DEFENSE.] It is a defense to a violation under subdivision 2 or 3 of selling tobacco to a person under the age of 18 years, if the licensee or individual making the sale proves by a preponderance of the evidence that the licensee or individual reasonably and in good faith relied upon representation of proof of age described in section 340A.503, subdivision 6, in making the sale.

Subd. 5. [EFFECT ON LOCAL ORDINANCE.] This section does not preempt a local ordinance which provides for more restrictive regulation of retail tobacco sales.

Sec. 3. Minnesota Statutes 1990, section 461.13, is amended to read:

461.13 [~~CIGARETTE~~ TOBACCO LICENSE FEES, APPORTIONMENT.]

The fees for licenses granted by the ~~governing body of any municipality~~ local government unit shall be for the benefit of the ~~municipality~~ local government unit. When a license is issued by the county board the fee shall be deposited in the county treasury and be credited to the county revenue fund.

Sec. 4. Minnesota Statutes 1990, section 461.15, is amended to read:

461.15 [BLIND PERSONS NOT TO PAY ~~CIGARETTE~~ TOBACCO LICENSES.]

No applicant for any license required of persons for the sale or manufacture of ~~cigarettes~~ tobacco shall be required to pay any fee to the state or any political subdivision thereof upon furnishing a doctor's certificate showing that the applicant is blind, as defined by Laws 1937, Chapter 324."

Delete the title and insert:

"A bill for an act relating to commerce; authorizing local units of government to license the retail sale of tobacco; requiring a county to license the retail sale of tobacco under certain conditions; providing for mandatory suspension of licenses for sales to minors; amending Minnesota Statutes 1990, sections 461.12; 461.13; and 461.15; proposing coding for new law in Minnesota Statutes, chapter 461."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1494, A bill for an act relating to human services; requiring grants for demonstration programs to promote the self-sufficiency of public assistance recipients; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [256.7367] [COMMUNITY INVOLVEMENT DEMONSTRATION PROJECT (MAZEBUSTERS).]

Subdivision 1. [DEMONSTRATION PROGRAM ESTABLISHED.] (a) The commissioner of human services shall establish a demonstration program for recipients of public assistance to help them develop individual initiatives towards self-sufficiency and economic independence, promote their involvement in the community, enhance their self-esteem, and empower them to act on their own behalf in the community. The program shall consist of three components: participant training, volunteer peer counseling, and a volunteer work program.

Subd. 2. [DEFINITIONS.] For purposes of this section:

(1) "community-based agency" means a nonprofit organization, or a local unit of government administered by a board that has voting members who represent the communities it serves and has a history of working directly with low-income persons;

(2) "mazebuster program" or "program" means the demonstration program established under this section;

(3) "participant" means a participant in the mazebuster program;

(4) "public assistance" means AFDC, general assistance, and work readiness; and

(5) "community organization" means an agency that serves low-income people in the community and already relies on volunteers and preferably, has a volunteer coordinator.

Subd. 3. [PROGRAM COMPONENTS.] The mazebuster program must include:

(1) a training component in which participants learn listening and problem solving skills and information and referral and advocacy skills. The training must also cover intercultural and interpersonal communication, counseling, and the exercising of appropriate boundaries where the mazebuster learns to explain options rather than solve problems for the low-income people they assist. Training consists of 38 hours of training, eight hours per week, at the beginning of the program;

(2) group support in which participants meet weekly throughout their six-month volunteer placement to discuss personal problems, volunteer work experience issues, and receive additional training and support; and

(3) a volunteer work program in which participants volunteer in community organizations and apply the information and referral and advocacy skills learned in their training to provide services to low-income persons in their community. The volunteer work

gram must enable mazebusters to be accepted and respected as valuable contributing members of the organizations they are placed in. Participants shall be required to volunteer four hours per week for six months.

Each demonstration program shall conduct two groups with ten persons in each group. The second group shall begin the training sessions after the first group has completed training and begun their volunteer work experience.

Subd. 4. [COMPENSATION FOR PARTICIPANTS.] Participants shall be reimbursed for transportation and child care costs incurred as a result of their participation in the mazebuster program. Upon successful completion of the mazebuster program, the participants shall receive $500 in the form of a voucher.

Subd. 5. [SELECTION OF DEMONSTRATION COMMUNITIES.] (a) The commissioner shall seek proposals from community-based agencies for grants to administer the mazebuster demonstration programs and shall select demonstration program sites by July 1, 1992. The commissioner may approve proposals and award grants within the limitations of this subdivision.

(b) In awarding grants, the commissioner shall ensure that one program is established in the city of St. Paul or Minneapolis; one in a suburban area of the seven-county metropolitan area; one in a rural community outside the seven-county metropolitan area; and one in an urban area outside the seven-county metropolitan area.

(c) For a community-based agency's proposal to be considered for approval, the community-based agency must demonstrate that it has:

(1) a philosophy that supports the goals of the mazebuster program described in subdivision 1;

(2) the tools necessary to train participants as required by subdivision 3;

(3) a volunteer work program for participants or an arrangement for a volunteer work program in a community organization; and

(4) a staff that values and fosters the empowerment of participants to learn and act for themselves.

Subd. 6. [TECHNICAL ADVISORY COMMITTEE.] In selecting grant recipients, the commissioner shall appoint and consult with a volunteer technical advisory committee. The committee shall consist of a representative of the west Hennepin human services planning board who is familiar with the west Hennepin human services

planning board pilot program for welfare recipients; up to three persons who have successfully completed the west Hennepin human services planning board program, and a representative of the department of human services assistance payments division.

Subd. 7. [ENCOURAGING PARTICIPATION.] In cooperation with community-based agencies awarded grants under this section, county agencies shall disseminate information about the maze-buster program and shall recruit public assistance recipients to participate. Participation in the program shall be voluntary.

Subd. 8. [TECHNICAL ASSISTANCE.] The department of human services shall contract with the west Hennepin human services planning board to provide technical assistance to the demonstration program by July 1, 1992. No more than seven to ten percent of funds can be used for technical assistance.

Subd. 9. [EVALUATION.] The department of human services shall contract with an outside evaluator to conduct the program evaluation of the demonstration project and report back to the legislature by January 15, 1993, with a preliminary program evaluation. Final program evaluation shall be completed by September 1, 1993. Components of the program evaluation shall include: a needs assessment of each participant through entrance and exit interviews, including assessments that measure self-esteem; participant demographics and indications of steps toward self-sufficiency and economic independence; a written evaluation by the program participants; and a written evaluation by the volunteer work program.

Sec. 2. [APPROPRIATION.]

$..... is appropriated from the general fund to the commissioner of human services for the biennium ending June 30, 1993, for the purposes of section 1."

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

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1861, A bill for an act relating to state lands; providing for the release of a state interest in certain property in the city of Minneapolis.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [MINNEAPOLIS UPPER HARBOR REVERTER.]

The commissioner of revenue on behalf of the state of Minnesota shall release certain land situated in the city of Minneapolis from a covenant requiring that the land be used exclusively for public harbor purposes, and declare that the state's reversionary interest in the land upon the violation of the covenant is void. Before releasing the land, the commissioner shall make a new covenant with the city providing that the land reverts to the state if it is used for other than public purposes.

The covenant and reversionary interest are contained in a conveyance of forfeited lands dated July 21, 1944, and recorded August 14, 1944, in the office of the county recorder, Hennepin county, as document no. 2246035. The land to be released is described as blocks 1 and 6, and that part of 37th Avenue North vacated between blocks 1 and 6, and blocks 2 and 5 and that part of 37th Avenue North vacated between blocks 2 and 5, all in D.L. Peck's rearrangement of D.L. Peck's addition to Minneapolis, Hennepin county, Minnesota."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1876, A bill for an act relating to human services; defining certain terms; providing for certain child care funding; appropriating money; amending Minnesota Statutes 1990, sections 256H.01, subdivision 9, and by adding a subdivision; and 256H.10, subdivision 1; Minnesota Statutes 1991 Supplement, sections 256H.03, subdivisions 4 and 6; and 256H.05, subdivision 1b, and by adding a subdivision.

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

The report was adopted.

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

H. F. No. 1884, A bill for an act relating to financial institutions;

authorizing a banking institution that is a trustee to invest in certain investment companies and investment trusts; amending Minnesota Statutes 1990, sections 48.01, subdivision 1; 48.38, subdivision 6; 48.84; and 501B.10, subdivision 6.

Reported the same back with the following amendments:

Page 1, after line 16, insert:

"Sec. 2. Minnesota Statutes 1990, section 48.01, subdivision 2, is amended to read:

Subd. 2. [BANKING INSTITUTION.] The term "banking institution" means any bank, trust company, bank and trust company, or mutual savings bank which is now or may hereafter be organized under the laws of this state. For purposes of sections 48.38, 48.84, and 501B.10, subdivision 6, and to the extent permitted by federal law, "banking institution" includes any national banking association or affiliate exercising trust powers in this state."

Page 2, line 23, after the period insert "This paragraph does not alter the degree of care and judgment required of trustees by section 501B.10, subdivision 1."

Page 3, line 15, after the period insert "This paragraph does not alter the degree of care and judgment required of trustees by section 501B.10, subdivision 1."

Page 5, line 1, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "subdivision 1" and insert "subdivisions 1 and 2"

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 1929, A bill for an act relating to higher education; setting the cost of attendance for certain student financial aid;

amending Minnesota Statutes 1991 Supplement, section 136A.121, subdivision 6.

Reported the same back with the following amendments:

Page 1, line 22, strike "students" and insert "a student"

Page 1, line 23, after "attendance" insert "to the actual number of credits for which the student is enrolled"

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1938, A bill for an act relating to real property; providing for mortgage satisfaction or release by fewer than all mortgagees; regulating various notice, hearing, and other procedures and requirements for foreclosures and other involuntary transfers of real property; clarifying provisions relating to notice of termination of contract for deed; amending Minnesota Statutes 1990, sections 508.57; 508.58; 508.67; 508A.58; 514.08, subdivision 2; 514.10; 559.21, subdivisions 2a and 3; 580.15; and 582.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 507; and 580.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 507.03, is amended to read:

507.03 [PURCHASE-MONEY MORTGAGE; NONJOINDER OF SPOUSE.]

When a ~~spouse~~ married individual purchases ~~land~~ real property during ~~coverture~~ marriage and mortgages the ~~estate in such land~~ real property to secure the payment of the purchase price or any portion ~~thereof~~ of it, the ~~surviving~~ other spouse shall not be entitled to any inchoate ~~or~~, contingent, or marital property right or interest in ~~such land~~ the real property as against the mortgagee or those claiming under the mortgagee ~~although such survivor~~ even though the other spouse did not join in ~~such~~ the mortgage. A statement in

the mortgage to the effect that the mortgage is a purchase money mortgage constitutes prima facie evidence of that fact.

Sec. 2. [507.412] [MORTGAGE SATISFACTION OR RELEASE BY FEWER THAN ALL MORTGAGEES.]

A real estate mortgage securing an undivided debt owned by more than one mortgagee or assignee, including joint tenants, may be satisfied or released by an instrument executed by any one of the mortgagees or assigns unless the mortgage specifically states otherwise. The debt is presumed to be undivided unless the mortgage specifically states otherwise. This section does not affect the rights or liabilities of the holders of the debt secured by the mortgage as among themselves. Unless the mortgage specifically states otherwise, this section does not permit fewer than all of the holders of a mortgage to assign, amend, extend, or foreclose the mortgage, or to discharge the secured debt, as distinguished from satisfying or releasing the mortgage.

Sec. 3. Minnesota Statutes 1990, section 508.44, subdivision 2, is amended to read:

Subd. 2. [ALTERNATE PROCEEDING.] In lieu of the court directive to the registrar to issue a new duplicate certificate under subdivision 1, the registrar of titles shall issue such a duplicate certificate when directed to do so by the examiner of titles. The directive of the examiner shall be in writing after posting a notice addressed "TO WHOM IT MAY CONCERN" fixing a time when the examiner shall direct the issuance of a new duplicate certificate of title unless valid objections thereto are delivered to the examiner's office prior to the specified time. The notice shall be posted on a bulletin board provided for the posting of legal notices at the courthouse at least seven days prior to the date fixed for the issuance of the directive. No such directive shall be issued by the examiner unless all persons in interest have signed and verified a statement setting forth the facts relating to the reasons why the duplicate certificate cannot be produced, the statement is memorialized upon the certificate of title and there is satisfactory evidence as to the identity of the signers and the facts relating to the loss or destruction of the duplicate certificate of title. Persons in interest in the case of an owner's duplicate certificate are the registered owners or their probate representatives~~, and in the case of the mortgagee's or lessee's duplicate certificate the persons in interest are the registered owners of the mortgage or lease, as the case may be, or their probate representative~~.

Sec. 4. Minnesota Statutes 1990, section 508.45, is amended to read:

508.45 [COURT MAY ORDER DUPLICATE CERTIFICATE PRODUCED.]

If the registrar of titles is requested to enter a new certificate in pursuance of an instrument which purports to be executed by the registered owner, or by reason of any instrument or proceeding which divests the title of the registered owner against the registered owner's consent, and the outstanding owner's duplicate certificate is not presented for cancellation when such request is made, the registrar of titles shall not enter a new certificate, until authorized so to do by order of the district court. The person who claims to be entitled thereto may make application therefor to the district court, and after due notice and hearing, the court may order the registered owner, or any person withholding the duplicate certificate, to surrender it, and direct the entry of a new certificate upon such surrender. If the person withholding the duplicate certificate is not amenable to the process of the court, or if for any reason the outstanding owner's duplicate certificate cannot be delivered up, the court may by decree annul it, and order a new certificate of title to be entered. ~~If an outstanding mortgagee's or lessee's duplicate certificate is not produced and surrendered when the mortgage or lease is discharged, assigned, or extinguished, the same proceedings may be had to obtain registration as in the case of the nonproduction of an owner's duplicate.~~

Sec. 5. Minnesota Statutes 1990, section 508.55, is amended to read:

508.55 [REGISTRATION OF MORTGAGE; MEMORIAL ENTERED ON CERTIFICATE.]

The registration of a mortgage shall be made in the following manner: The owner's duplicate certificate shall be presented to the registrar, together with the mortgage deed, or other instrument to be registered, and the registrar shall enter upon the original certificate of title and also upon the owner's duplicate certificate a memorial of the purport of the instrument registered, the exact time of filing, and its file number. The registrar shall also note upon the registered instrument the time of filing and a reference to the volume and page where it is registered. ~~The registrar shall also, at the request of the mortgagee or assignee of the mortgagee, make and deliver to the mortgagee or assignee a duplicate certificate of title like the owner's duplicate certificate, except that the words "Mortgagee's Duplicate" shall be written or printed diagonally across its face in large letters. A memorandum of the issuance of the mortgagee's duplicate shall be made upon the original certificate of title.~~

Sec. 6. Minnesota Statutes 1990, section 508.56, is amended to read:

508.56 [ASSIGNMENT AND DISCHARGE OF MORTGAGE.]

When a mortgage~~, upon which a mortgagee's duplicate has been issued,~~ is assigned, extended, or otherwise dealt with, ~~the mortgag-~~

~~ee's duplicate shall be presented to the registrar, together with the instrument dealing with the mortgage, and~~ a memorial of the instrument, shall be made upon the ~~mortgagee's duplicate and upon the~~ original certificate of title. ~~When the mortgage is discharged or otherwise extinguished the mortgagee's duplicate shall be surrendered and stamped "Canceled."~~ In case only a part of the mortgage upon the land is intended to be released or discharged a memorial of such partial release shall be entered. ~~The production of the mortgagee's duplicate certificate shall be conclusive authority to register the instrument therewith presented.~~

Sec. 7. Minnesota Statutes 1990, section 508.57, is amended to read:

508.57 [FORECLOSURE; NOTICE.]

Mortgages upon registered land may be foreclosed in the same manner as mortgages upon unregistered land. Where the mortgage is upon registered land it shall be sufficient to authorize the foreclosure thereof by advertisement, if such mortgage and all assignments thereof shall have been registered, and a memorial thereof duly entered upon the certificate of title. When a mortgage upon registered land is foreclosed by advertisement, the notice of foreclosure shall state the date of the mortgage, when and where registered, and the fact of registration. All laws relating to the foreclosure of mortgages upon unregistered land shall apply to mortgages upon registered land, or any estate or interest therein, except as herein provided, and except that a notice of the pendency of any suit or proceeding to enforce or foreclose the mortgage or other charge upon the land shall be filed with the registrar, and a memorial thereof entered on the register ~~at the time of or prior to the commencement of such action or proceeding~~ before the first date of publication of the foreclosure notice but not sooner than six months before the first date of publication. A notice so filed and registered shall be notice to the registrar and to all persons thereafter dealing with the land or any part thereof and shall satisfy the requirements of section 580.032, subdivision 3, with respect to registered land. ~~When a mortgagee's duplicate certificate has been issued it shall be presented to the registrar at the time of filing and a memorial thereof entered therein.~~ In all such foreclosures all certificates and affidavits permitted or required by law to be recorded with the county recorder shall be filed with and registered by the registrar.

Sec. 8. Minnesota Statutes 1990, section 508.58, is amended to read:

508.58 [REGISTRATION AFTER FORECLOSURE; NEW CERTIFICATE.]

Subdivision 1. [COURT ORDER.] Any person who has, by an

action or other proceeding to enforce or foreclose a mortgage, lien, or other charge upon registered land, become the owner in fee of the land, or any part thereof, may have the title registered. Except as provided in subdivision 2, the owner shall apply by duly verified petition to the court for a new certificate of title to such land, and the court shall thereupon, after due notice to all parties in interest and upon such hearing as the court may direct, make an order ~~or decree~~ for the issuance of a new certificate of title to the person entitled thereto, and the registrar shall thereupon enter a new certificate of title to the land, or of the part thereof to which the ~~applicant~~ petitioner is entitled, and issue an owner's duplicate as in the case of a voluntary conveyance.

Subd. 2. [EXAMINER OF TITLES DIRECTIVE.] Any person who has become the owner in fee of registered land, or any part of the land, pursuant to a mortgage foreclosure by action under chapter 581 is entitled to a new certificate of title for the land described in the sheriff's certificate of sale or so much of the land as may be described in the certificate of title, after the redemption period expires. The registrar shall enter the new certificate of title and issue a new owner's duplicate certificate only pursuant to the court order provided in subdivision 1 or upon the written directive of the examiner of titles as to the legal sufficiency of the mortgage foreclosure proceeding. The directive of the examiner of titles also must specify the instruments the registrar shall omit from the new certificate of title by virtue of the foreclosure.

Sec. 9. Minnesota Statutes 1990, section 508.59, is amended to read:

508.59 [REGISTRATION OF JUDGMENT OR FINAL DECREE.]

A judgment or decree affecting registered land shall be registered upon the presentation of a certified copy thereof to the registrar, who shall enter a memorial thereof upon the original certificate of title, and upon the owner's duplicate, ~~and upon any outstanding mortgagee's or lessee's duplicate,~~ if practicable so to do. When the registered owner of such land is by such judgment or decree divested of an estate in fee therein, or of any part thereof, the prevailing party shall be entitled to a new certificate of title for the land, or so much thereof as may be described in the judgment and decree, and the registrar shall enter such new certificate of title and issue a new owner's duplicate certificate as in the case of a voluntary conveyance. No such new certificate shall be entered except upon the written certification of the examiner of titles as to the legal sufficiency of the documents presented for filing for the purpose of issuance of a new certificate or upon the order of the district court directing the issuance thereof.

Sec. 10. Minnesota Statutes 1990, section 508.67, is amended to read:

508.67 [ACQUIRING TITLE BY ACTION; NEW CERTIFICATE.]

Subdivision 1. [COURT ORDER.] Upon the expiration of the time allowed by law for redemption of registered land, after it has been set off, or sold on execution, or taken or sold for the enforcement of any lien, or charge of any nature, the person who claims under such execution, or under any certificate, deed, or other instrument made in the course of proceedings to enforce such execution or lien, may apply to the court for an order directing the entry of a new certificate to that person, and upon such notice as the court may require, the petition shall be heard and a proper order ~~or decree~~ rendered therein. In case the claim of title is based upon a tax certificate, tax or assessment deed, the petition ~~or application~~ shall be filed with the court administrator, who shall docket the same in the land registration docket~~, and a copy thereof, certified by the court administrator, shall, by the petitioner, be filed with the registrar who shall enter upon the register a memorial thereof, which shall have the force and effect of a lis pendens. Such an application of the petitioner~~ The petition shall be referred to the examiner of titles for examination and report in like manner as herein provided for the reference of initial applications for registration. The summons shall be issued in the form and served in the manner as in initial applications. ~~Such an application~~ The petition shall be heard by the court and the ~~applicant~~ petitioner shall be required to show affirmatively that all the requirements of the statute to entitle the ~~applicant~~ petitioner to register the title have been complied with. The ~~decree~~ order shall show the condition of the title to such land and who is the owner thereof. It shall provide, if the ~~applicant~~ petitioner is found to be the owner, for the cancellation of the outstanding certificate and the registrar shall issue a new certificate for the land in lieu and in place of the outstanding certificate upon presentation to the registrar of a duly certified copy of such ~~decree~~ order, according to its terms. ~~If the applicant is not adjudged to be the owner then the decree shall provide for the cancellation of the memorial of the registration of the certified copy of the application.~~

Subd. 2. [EXAMINER OF TITLES DIRECTIVE.] Any person holding title to registered land pursuant to forfeiture evidenced by a county auditor's certificate of forfeiture, or auditor's certificate of sale or state assignment certificate that has been memorialized upon a certificate of title for at least ten years is entitled to a new certificate of title for the land, or so much of the land as may be described in the forfeiture documents. The registrar shall enter the new certificate of title and issue a new owner's duplicate certificate only pursuant to court order or upon the written directive of the examiner of titles as to the legal sufficiency of the forfeiture. The directive of the examiner of titles also must specify the instruments the registrar shall omit from the new certificate of title by virtue of the forfeiture.

Sec. 11. Minnesota Statutes 1990, section 508.71, subdivision 6, is amended to read:

Subd. 6. [RECORDED INSTRUMENTS.] When instruments affecting registered land have been recorded in the office of any county recorder in this state, a certified copy thereof may be filed for registration and registered with like effect as the original instrument without the order or directive. The owner's~~, mortgagee's, or lessee's~~ duplicate certificate of title shall be presented to the registrar, together with the certified copy, whenever the presentation is required by statute for registration of the original instrument.

Sec. 12. Minnesota Statutes 1990, section 508.73, is amended to read:

508.73 [EMINENT DOMAIN; REVERSION; VACATION.]

Subdivision 1. [REGISTRATION FILING; NEW CERTIFICATE; MEMORIALS; REVERSION.] If the land of a registered owner, or any right, title, interest, or estate therein is taken by eminent domain, the state or body politic, or other authority which exercises such right, shall file for registration a ~~written~~ certified copy of a final certificate or a certified copy of a court order transferring title pursuant to section 117.042 together with an instrument containing a description of the land so taken, together with the name of each owner thereof, and referring to each certificate of title by its number and place of registration in the register of titles, and stating what estate or interest in the land is taken, and for what purpose. A memorial of the right, title, interest, or estate thus taken shall be made upon each certificate of title by the registrar, and if the fee is taken, a new certificate shall be entered in the name of the owner for the land remaining to the owner after such taking. A new certificate may not be entered except by order of the district court or upon the written certification of the examiner of titles as to the legal sufficiency of the final certificate or court order pursuant to section 117.042 and other instruments presented for filing for the purpose of issuance of a new certificate. If the owner has a lien for damages upon the land thus taken, this fact shall be stated in the memorial of registration. All fees on account of any memorial of registration or entry of new certificates for land thus taken shall be paid by the state or body politic or other authority which takes the land. If land which was taken for public use reverts, by operation of law, to the owner or to the owner's heirs or assigns, the district court, upon the application of the person entitled to the benefit of such reversion, and after due notice and hearing, may order the entry of a new certificate of title to the person entitled thereto.

Subd. 2. [VACATION OF STREET OR ALLEY; LEGAL DESCRIPTION.] Upon the filing of a certified copy of a resolution or ordinance by a city vacating an adjoining street or alley that was dedicated to the public in a plat, a registered owner is entitled to have added to the legal description on the certificate of title that part of the vacated street or alley that accrues to it, provided the vacation

occurred after the land was originally registered. The vacated street or alley may be added to the certificate of title by order of the district court or by a written directive from the examiner of titles.

Sec. 13. Minnesota Statutes 1991 Supplement, section 508.82, is amended to read:

508.82 [REGISTRAR'S FEES.]

The fees to be paid to the registrar shall be as follows:

(1) of the fees provided herein, five percent of the fees collected under clauses (3), (4), ~~(11)~~ (10), (12), (13), (14), ~~(15)~~ (16), (17), and (18), ~~and (19),~~ for filing or memorializing shall be paid to the state treasurer and credited to the general fund;

(2) for registering each original certificate of title, and issuing a duplicate of it, $30;

(3) for registering each instrument transferring the fee simple title for which a new certificate of title is issued and for the issuance and registration of the new certificate of title, $30;

(4) for the entry of each memorial on a certificate and endorsements upon duplicate certificates, $15;

(5) ~~for issuing each mortgagee's or lessee's duplicate, $10;~~

~~(6)~~ for issuing each residue certificate, $20;

~~(7)~~ (6) for exchange certificates, $10 for each certificate canceled and $10 for each new certificate issued;

~~(8)~~ (7) for each certificate showing condition of the register, $10;

~~(9)~~ (8) for any certified copy of any instrument or writing on file in the registrar's office, the same fees allowed by law to county recorders for like services;

~~(10)~~ (9) for a noncertified copy of any instrument or writing on file in the office of the registrar of titles, or any specified page or part of it, an amount as determined by the county board for each page or fraction of a page specified. If computer or microfilm printers are used to reproduce the instrument or writing, a like amount per image;

~~(11)~~ (10) for filing two copies of any plat in the office of the registrar, $30;

~~(12)~~ (11) for any other service under this chapter, such fee as the court shall determine;

~~(13)~~ (12) for issuing a duplicate certificate of title pursuant to the directive of the examiner of titles in counties in which the compensation of the examiner is paid in the same manner as the compensation of other county employees, $50, plus $10 to memorialize;

~~(14)~~ (13) for issuing a duplicate certificate of title pursuant to the directive of the examiner of titles in counties in which the compensation of the examiner is not paid by the county or pursuant to an order of the court, $10;

~~(15)~~ (14) for filing a condominium plat or an amendment to it in accordance with chapter 515, $30;

~~(16)~~ (15) for a copy of a condominium plat filed pursuant to chapters 515 and 515A, the fee shall be $1 for each page of the condominium plat with a minimum fee of $10;

~~(17)~~ (16) for filing a condominium declaration and plat or an amendment to it in accordance with chapter 515A, $10 for each certificate upon which the document is registered and $30 for the filing of the condominium plat or an amendment thereto;

~~(18)~~ (17) for the filing of a certified copy of a plat of the survey pursuant to section 508.23 or 508.671, $10;

~~(19)~~ (18) for filing a registered land survey in triplicate in accordance with section 508.47, subdivision 4, $30;

~~(20)~~ (19) for furnishing a certified copy of a registered land survey in accordance with section 508.47, subdivision 4, $10.

Sec. 14. Minnesota Statutes 1990, section 508.835, is amended to read:

508.835 [DISPOSAL OF CANCELED DUPLICATE CERTIFICATES AND RECEIPT CARDS.]

The registrar of titles is hereby authorized to destroy owner's duplicate certificates marked "canceled," upon the entry of a new owner's duplicate certificate, ~~mortgagee's duplicate certificates marked "canceled"~~ and the receipt cards for such "canceled" certificates.

Sec. 15. Minnesota Statutes 1990, section 508A.11, subdivision 3, is amended to read:

Subd. 3. [FEES.] Before the examiner of titles examines the abstract of title, the applicant shall pay to the registrar of titles the fee provided by section 508A.82, clause ~~(18)~~ (17).

Sec. 16. Minnesota Statutes 1990, section 508A.44, subdivision 2, is amended to read:

Subd. 2. [ALTERNATE PROCEEDING.] In lieu of the court directive to the registrar to issue a new duplicate CPT under subdivision 1, the registrar of titles shall issue a duplicate CPT when directed to do so by the examiner of titles. The directive of the examiner shall be in writing after posting a notice addressed "TO WHOM IT MAY CONCERN" fixing a time when the examiner shall direct the issuance of a new duplicate CPT unless valid objections to it are delivered to the examiner's office prior to the specified time. The notice shall be posted on a bulletin board provided for the posting of legal notices at the courthouse at least seven days prior to the date fixed for the issuance of the directive. No directive shall be issued by the examiner unless all persons in interest have signed and verified a statement setting forth the facts relating to the reasons why the duplicate CPT cannot be produced, the statement is memorialized upon the CPT and there is satisfactory evidence as to the identity of the signers and the facts relating to the loss or destruction of the duplicate CPT. Persons in interest in the case of an owner's duplicate CPT are the registered owners or their probate representatives~~; and in the case of the mortgagee's or lessee's duplicate CPT, the persons in interest are the registered owners of the mortgage or lease, as the case may be, or their probate representative~~.

Sec. 17. Minnesota Statutes 1990, section 508A.45, is amended to read:

508A.45 [COURT MAY ORDER DUPLICATE CPT PRODUCED.]

If the registrar of titles is requested to enter a new CPT in pursuance of an instrument which purports to be executed by the registered owner, or by reason of any instrument or proceeding which divests the title of the registered owner against the registered owner's consent, and the outstanding owner's duplicate CPT is not presented for cancellation when the request is made, the registrar of titles shall not enter a new CPT until authorized so to do by order of the district court. The person who claims to be entitled to it may apply for it to the district court, and after due notice and hearing, the court may order the registered owner, or any person withholding the duplicate CPT, to surrender it, and direct the entry of a new CPT upon the surrender. If the person withholding the duplicate CPT is not amenable to the process of the court, or if for any reason the outstanding owner's duplicate CPT cannot be delivered up, the court may by decree annul it, and order a new CPT to be entered. ~~If an outstanding mortgagee's or lessee's duplicate CPT is not produced~~

~~and surrendered when the mortgage or lease is discharged, assigned, or extinguished, the same proceedings may be had to obtain registration as in the case of the nonproduction of an owner's duplicate.~~

Sec. 18. Minnesota Statutes 1990, section 508A.55, is amended to read:

508A.55 [REGISTRATION OF MORTGAGE; MEMORIAL ENTERED ON CERTIFICATE.]

The registration of a mortgage shall be made in the following manner: The owner's duplicate CPT shall be presented to the registrar, together with the mortgage deed, or other instrument to be registered, and the registrar shall enter upon the original CPT and also upon the owner's duplicate CPT a memorial of the purport of the instrument registered, the exact time of filing, and its file number. The registrar shall also note upon the registered instrument the time of filing and a reference to the volume and page where it is registered. ~~The registrar shall also, at the request of the mortgagee or assignee of the mortgagee, make and deliver to the mortgagee or assignee a duplicate CPT like the owner's duplicate CPT, except that the words "Mortgagee's Duplicate" shall be written or printed diagonally across its face in large letters. A memorandum of the issuance of the mortgagee's duplicate shall be made upon the original CPT.~~

Sec. 19. Minnesota Statutes 1990, section 508A.56, is amended to read:

508A.56 [ASSIGNMENT AND DISCHARGE OF MORTGAGE.]

When a mortgage~~, upon which a mortgagee's duplicate has been issued,~~ is assigned, extended, or otherwise dealt with, ~~the mortgagee's duplicate shall be presented to the registrar, together with the instrument dealing with the mortgage, and~~ a memorial of the instrument~~,~~ shall be made upon the ~~mortgagee's duplicate and upon the~~ original CPT. ~~When the mortgage is discharged or otherwise extinguished the mortgagee's duplicate shall be surrendered and stamped "Canceled."~~ In case only a part of the mortgage upon the land is intended to be released or discharged, a memorial of the partial release shall be entered. ~~The production of the mortgagee's duplicate CPT shall be conclusive authority to register the instrument presented with it.~~

Sec. 20. Minnesota Statutes 1990, section 508A.57, is amended to read:

508A.57 [FORECLOSURE; NOTICE.]

Mortgages upon land registered under sections 508A.01 to

508A.85 may be foreclosed in the same manner as mortgages upon unregistered land. Where the mortgage is upon registered land it shall be sufficient to authorize the foreclosure of it by advertisement, if the mortgage and all assignments of it have been registered, and a memorial of it duly entered upon the CPT. When a mortgage upon the registered land is foreclosed by advertisement, the notice of foreclosure shall state the date of the mortgage, when and where registered, and the fact of registration. All laws relating to the foreclosure of mortgages upon unregistered land shall apply to mortgages upon land registered under sections 508A.01 to 508A.85, or any estate or interest therein, except as herein provided, and except that a notice of the pendency of any suit or proceeding to enforce or foreclose the mortgage or other charge upon the land shall be filed with the registrar, and a memorial of it entered on the register ~~at the time of or prior to the commencement of the action or proceeding~~ before the first date of publication of the foreclosure notice but not sooner than six months before the first date of publication. A notice so filed and registered shall be notice to the registrar and to all persons thereafter dealing with the land or any part of it and satisfies the requirements of section 580.032, subdivision 3, with respect to registered land. When a mortgagee's duplicate CPT has been issued it shall be presented to the registrar at the time of filing and a memorial of it entered. In all foreclosures, all certificates and affidavits permitted or required by law to be recorded with the county recorder shall be filed with the registrar who shall register them.

Sec. 21. Minnesota Statutes 1990, section 508A.58, is amended to read:

508A.58 [REGISTRATION AFTER FORECLOSURE; NEW CPT.]

Subdivision 1. [COURT ORDER.] Any person who has, by an action or other proceeding to enforce or foreclose a mortgage, lien, or other charge upon land registered under sections 508A.01 to 508A.85, become the owner in fee of the land, or any part of it, may have the title registered. Except as provided in subdivision 2, the person shall apply by duly verified petition to the court for a new CPT to the land, and the court shall then, after due notice to all parties in interest and upon the hearing as the court may direct, make an order ~~or decree~~ for the issuance of a new CPT to the person entitled thereto, and the registrar shall then enter a new CPT to the land, or of the part of it to which the ~~applicant~~ petitioner is entitled, and issue an owner's duplicate as in the case of a voluntary conveyance.

Subd. 2. [EXAMINER OF TITLES DIRECTIVE.] Any person who has become the owner in fee of land registered under sections 508A.01 to 508A.85, or any part of the land, pursuant to a mortgage foreclosure by action under chapter 581 is entitled to a new CPT for the land described in the sheriff's certificate of sale or so much of the

land as may be described in the certificate of title, after the redemption period expires. The registrar shall enter a new CPT and issue a new owner's duplicate certificate only pursuant to the court order provided in subdivision 1 or upon the written directive of the examiner of titles as to the legal sufficiency of the mortgage foreclosure proceeding. The directive of the examiner of titles also must specify the instruments the registrar shall omit from the new CPT by virtue of the foreclosure.

Sec. 22. Minnesota Statutes 1990, section 508A.59, is amended to read:

508A.59 [REGISTRATION OF JUDGMENT OR FINAL DECREE.]

A judgment or decree affecting land registered under sections 508A.01 to 508A.85 shall be registered upon the presentation of a certified copy of it to the registrar, who shall enter a memorial of it upon the original CPT, and upon the owner's duplicate, ~~and upon any outstanding mortgagee's or lessee's duplicate,~~ if practicable so to do. When the registered owner of the land is by the judgment or decree divested of an estate in fee in it, or of any part of it, the prevailing party shall be entitled to a new CPT for the land, or so much of it as is described in the judgment and decree. The registrar shall enter the new CPT and issue a new owner's duplicate CPT as in the case of a voluntary conveyance. No new CPT shall be entered except upon the written certification of the examiner of titles as to the legal sufficiency of the documents presented for filing for the purpose of issuance of a new CPT or upon the order of the district court directing the issuance of it.

Sec. 23. Minnesota Statutes 1990, section 508A.71, subdivision 6, is amended to read:

Subd. 6. [CERTIFIED COPIES OF INSTRUMENTS; FILING.] When instruments affecting land registered under sections 508A.01 to 508A.85 have been recorded in the office of any county recorder in this state, a certified copy of it may be filed for registration and registered with like effect as the original instrument without an order or directive. The owner's~~, mortgagee's, or lessee's~~ duplicate CPT shall be presented to the registrar, together with the certified copy, whenever the presentation is required by statute for registration of the original instrument.

Sec. 24. Minnesota Statutes 1990, section 508A.73, is amended to read:

508A.73 [EMINENT DOMAIN; REVERSION; VACATION.]

Subdivision 1. [REGISTRATION FILING; NEW CPT; MEMORI-

ALS; REVERSION.] If the land of a registered owner, or any right, title, interest, or estate in it is taken by eminent domain, the state or body politic, or other authority which exercises the right, shall file for registration a ~~written~~ certified copy of a final certificate or a certified copy of a court order transferring title pursuant to section 117.042 together with an instrument containing a description of the land taken, together with the name of each owner of it, and referring to each CPT by its number and place of registration in the register of titles, and stating what estate or interest in the land is taken, and for what purpose. A memorial of the right, title, interest, or estate thus taken shall be made upon each CPT by the registrar. If the fee is taken, a new CPT shall be entered in the name of the owner for the land remaining to the owner after the taking. A new CPT may not be entered except by order of the district court or upon the written certification of the examiner of titles as to the legal sufficiency of the final certificate or court order pursuant to section 117.042 and other instruments presented for filing for the purpose of issuance of a new CPT. If the owner has a lien for damages upon the land thus taken, this fact shall be stated in the memorial of registration. All fees on account of any memorial of registration or entry of new CPTs for land thus taken shall be paid by the state or body politic or other authority which takes the land. If land which was taken for public use reverts, by operation of law, to the owner or to heirs or assigns, the district court, upon the application of the person entitled to the benefit of the reversion, and after due notice and hearing, may order the entry of a new CPT to the person entitled to it.

Subd. 2. [VACATION OF STREET OR ALLEY; LEGAL DESCRIPTION.] Upon the filing of a certified copy of a resolution or ordinance by a city vacating an adjoining street or alley that was dedicated to the public in a plat, a registered owner is entitled to have added to the legal description on the CPT that part of the vacated street or alley that accrues to it, provided the vacation occurred after the land was originally registered. The vacated street or alley may be added to the CPT by order of the district court or by a written directive from the examiner of titles.

Sec. 25. Minnesota Statutes 1991 Supplement, section 508A.82, is amended to read:

508A.82 [REGISTRAR'S FEES.]

The fees to be paid to the registrar shall be as follows:

(1) of the fees provided herein, five percent of the fees collected under clauses (3), (4), ~~(11)~~ (10), (12), (13), (14), ~~(15),~~ ~~(17)~~ 16, and ~~(19)~~ 18, for filing or memorializing shall be paid to the state treasurer and credited to the general fund;

(2) for registering each original CPT, and issuing a duplicate of it, $30;

(3) for registering each instrument transferring the fee simple title for which a new CPT is issued and for the issuance and registration of the new CPT, $30;

(4) for the entry of each memorial on a certificate and endorsements upon duplicate CPTs, $15;

(5) ~~for issuing each mortgagee's or lessee's duplicate, $10;~~

~~(6)~~ for issuing each residue CPT, $20;

~~(7)~~ (6) for exchange CPTs, $10 for each CPT canceled and $10 for each new CPT issued;

~~(8)~~ (7) for each certificate showing condition of the register, $10;

~~(9)~~ (8) for any certified copy of any instrument or writing on file in the registrar's office, the same fees allowed by law to county recorders for like services;

~~(10)~~ (9) for a noncertified copy of any instrument or writing on file in the office of the registrar of titles, or any specified page or part of it, an amount as determined by the county board for each page or fraction of a page specified. If computer or microfilm printers are used to reproduce the instrument or writing, a like amount per image;

~~(11)~~ (10) for filing two copies of any plat in the office of the registrar, $30;

~~(12)~~ (11) for any other service under sections 508A.01 to 508A.85, the fee the court shall determine;

~~(13)~~ (12) for issuing a duplicate CPT pursuant to the directive of the examiner of titles in counties in which the compensation of the examiner is paid in the same manner as the compensation of other county employees, $50, plus $10 to memorialize;

~~(14)~~ (13) for issuing a duplicate CPT pursuant to the directive of the examiner of titles in counties in which the compensation of the examiner is not paid by the county or pursuant to an order of the court, $10;

~~(15)~~ (14) for filing a condominium plat or an amendment to it in accordance with chapter 515, $30;

~~(16)~~ (15) for a copy of a condominium plat filed pursuant to chapters 515 and 515A, the fee shall be $1 for each page of the plat with a minimum fee of $10;

~~(17)~~ (16) for filing a condominium declaration and condominium plat or an amendment to it in accordance with chapter 515A, $10 for each certificate upon which the document is registered and $30 for the filing of the condominium plat or an amendment to it;

~~(18)~~ (17) in counties in which the compensation of the examiner of titles is paid in the same manner as the compensation of other county employees, for each parcel of land contained in the application for a CPT, as the number of parcels is determined by the examiner, a fee which is reasonable and which reflects the actual cost to the county, established by the board of county commissioners of the county in which the land is located;

~~(19)~~ (18) for filing a registered land survey in triplicate in accordance with section 508A.47, subdivision 4, $30;

~~(20)~~ (19) for furnishing a certified copy of a registered land survey in accordance with section 508A.47, subdivision 4, $10.

Sec. 26. Minnesota Statutes 1990, section 508A.835, is amended to read:

508A.835 [DISPOSAL OF CANCELED DUPLICATE CPTS AND RECEIPT CARDS.]

The registrar of titles is authorized to destroy owner's duplicate CPTs marked "canceled," upon the entry of a new owner's duplicate CPT, ~~mortgagee's duplicate CPTs marked "canceled"~~ and the receipt cards for the "canceled" CPTs.

Sec. 27. Minnesota Statutes 1990, section 508A.85, subdivision 3, is amended to read:

Subd. 3. [CHANGEOVER AT REQUEST OF OWNER.] Subsequent to the expiration of the five year period set forth in section 508A.17, any registered owner of a CPT may file with the registrar of titles a request for a changeover, and upon payment of the fee for an exchange as specified in section 508A.82, clause ~~(7)~~ (6), the registrar shall issue a certificate of title and cancel the CPT.

Sec. 28. Minnesota Statutes 1990, section 514.08, subdivision 2, is amended to read:

Subd. 2. [STATEMENT BY LIEN CLAIMANT; REQUIREMENTS.] Such statement shall be made by or at the instance of the lien claimant, be verified by the oath of some person shown by such verification to have knowledge of the facts stated, and shall set forth:

(1) A notice of intention to claim and hold a lien, and the amount thereof;

(2) That such amount is due and owing to the claimant for labor performed, or for skill, material, or machinery furnished, and for what improvement the same was done or supplied;

(3) The names of the claimant, and of the person for or to whom performed or furnished;

(4) The dates when the first and last items of the claimant's contribution to the improvement were made;

(5) A description of the premises to be charged, identifying the same with reasonable certainty;

(6) The name of the owner thereof at the time of making such statement, according to the best information then had;

(7) The post office address of the claimant. (The failure to insert such post office address shall not invalidate the lien statement);

(8) That claimant acknowledges that a copy of ~~such~~ the statement ~~has been~~ must be served personally or ~~mailed to~~ by certified mail within the 120-day period provided in this section on the owner, the owner's authorized agent or the person who entered into the contract with the contractor as provided herein; and

(9) That notice as required by section 514.011, subdivision 2, if any, was given.

Sec. 29. Minnesota Statutes 1990, section 518.54, subdivision 5, is amended to read:

Subd. 5. [MARITAL PROPERTY; EXCEPTIONS.] "Marital property" means property, real or personal, including vested public or private pension plan benefits or rights, acquired by the parties, or either of them, to a dissolution, legal separation, or annulment proceeding at any time during the existence of the marriage relation between them, or at any time during which the parties were living together as husband and wife under a purported marriage relationship which is annulled in an annulment proceeding, but prior to the date of valuation under section 518.58, subdivision 1. All property acquired by either spouse subsequent to the marriage and before the valuation date is presumed to be marital property regardless of whether title is held individually or by the spouses in a form of coownership such as joint tenancy, tenancy in common, tenancy by the entirety, or community property. Each spouse shall be deemed to have a common ownership in marital property that vests not later than the time of the entry of the decree in a proceeding for dissolution or annulment. The extent of the vested interest shall be determined and made final by the court pursuant to section 518.58. If a title interest in real property is held individually by only one

spouse, the interest in the real property of the nontitled spouse shall not be subject to claims of creditors or judgment or tax liens until the time of entry of the decree awarding an interest to the nontitled spouse. The presumption of marital property is overcome by a showing that the property is nonmarital property.

"Nonmarital property" means property real or personal, acquired by either spouse before, during, or after the existence of their marriage, which

(a) is acquired as a gift, bequest, devise or inheritance made by a third party to one but not to the other spouse;

(b) is acquired before the marriage;

(c) is acquired in exchange for or is the increase in value of property which is described in clauses (a), (b), (d), and (e);

(d) is acquired by a spouse after the valuation date; or

(e) is excluded by a valid antenuptial contract.

Sec. 30. Minnesota Statutes 1990, section 559.21, subdivision 2a, is amended to read:

Subd. 2a. [TERMINATION NOTICE FOR CONTRACT EXECUTED AFTER JULY 31, 1985.] If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or after August 1, 1985, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside of the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 60 days, or a shorter period allowed in subdivision 4, after the service of the notice, unless prior to the termination date the purchaser:

(1) complies with the conditions in default;

(2) makes all payments due and owing to the seller under the contract through the date that payment is made;

(3) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination;

(4) except for earnest money contracts, purchase agreements, and exercised options, pays two percent of any amount in default at the time of service, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) pays an amount to apply on attorneys' fees actually expended or incurred, of $125 if the amount in default is less than $750, and of $250 if the amount in default is $750 or more; except no amount for attorneys' fees is required to be paid unless some part of the conditions of default has existed for at least 30 days prior to the date of service of the notice.

Sec. 31. Minnesota Statutes 1990, section 559.21, subdivision 3, is amended to read:

Subd. 3. For purposes of this section, the term "notice" means a writing stating the information required in this section, stating the name, address and telephone number of the seller or of an attorney authorized by the seller to accept payments pursuant to the notice and the fact that the person named is authorized to receive the payments, and including the following information in 12-point or larger underlined upper-case type, or 8-point type if published, or in large legible handwritten letters:

THIS NOTICE IS TO INFORM YOU THAT BY THIS NOTICE THE SELLER HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, SECTION 559.21, TO TERMINATE YOUR CONTRACT FOR THE PURCHASE OF YOUR PROPERTY FOR THE REASONS SPECIFIED IN THIS NOTICE. THE CONTRACT WILL TERMINATE ..... DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DATE OF PUBLICATION OF THIS NOTICE) UNLESS BEFORE THEN:

(a) THE PERSON AUTHORIZED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU:

(1) THE AMOUNT THIS NOTICE SAYS YOU OWE; PLUS

(2) THE COSTS OF SERVICE (TO BE SENT TO YOU); PLUS

(3) $..... TO APPLY TO ATTORNEYS' FEES ACTUALLY EXPENDED OR INCURRED; PLUS

(4) FOR CONTRACTS EXECUTED ON OR AFTER MAY 1, 1980, ANY ADDITIONAL PAYMENTS BECOMING DUE UNDER THE CONTRACT TO THE SELLER AFTER THIS NOTICE WAS SERVED ON YOU; PLUS

(5) FOR CONTRACTS, OTHER THAN EARNEST MONEY CON-

TRACTS, PURCHASE AGREEMENTS, AND EXERCISED OPTIONS, EXECUTED ON OR AFTER AUGUST 1, 1985, $.... (WHICH IS TWO PERCENT OF THE AMOUNT IN DEFAULT AT THE TIME OF SERVICE OTHER THAN THE FINAL BALLOON PAYMENT, ANY TAXES, ASSESSMENTS, MORTGAGES, OR PRIOR CONTRACTS THAT ARE ASSUMED BY YOU); OR

(b) YOU SECURE FROM A COUNTY OR DISTRICT COURT AN ORDER THAT THE TERMINATION OF THE CONTRACT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING OR SETTLEMENT. YOUR ACTION MUST SPECIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR CONTRACT WILL TERMINATE AT THE END OF THE PERIOD AND YOU WILL LOSE ALL THE MONEY YOU HAVE PAID ON THE CONTRACT; YOU WILL LOSE YOUR RIGHT TO POSSESSION OF THE PROPERTY; YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE; AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY.

Sec. 32. [580.032] [REQUEST FOR NOTICE; MAILED NOTICE.]

Subdivision 1. [FILING REQUEST FOR NOTICE.] A person having a redeemable interest in real property under section 580.23 or 580.24, may file for record a request for notice of a mortgage foreclosure by advertisement with the county recorder or registrar of titles of the county where the property is located.

Subd. 2. [CONTENT REQUIREMENTS.] A request for notice must specify: (1) the name and mailing address of the person requesting notice; (2) a legal description of the real property; (3) a description of the person's redeemable interest including, if applicable, the date and recording information of the document creating the interest; and (4) a request for notice of a mortgage foreclosure by advertisement. The request must be executed and acknowledged by the person requesting notice.

Subd. 3. [NOTICE OF PENDENCY.] A person foreclosing a mortgage by advertisement shall file for record a notice of the pendency of the foreclosure with the county recorder or registrar of titles in the county in which the property is located before the first date of publication of the foreclosure notice but not more than six months before the first date of publication.

Subd. 4. [MAILED NOTICE.] A person foreclosing a mortgage by

advertisement shall mail, at least 14 days before the date of sale, a copy of the notice of sale to each person requesting notice in a recorded request for notice at the address specified in the recorded request for notice. Mailed notice is deemed given upon deposit in the United States mail first class, postage prepaid, and addressed to the person requesting notice. Notice need not be mailed to a person: (1) whose request for notice was recorded before the recording of the mortgage being foreclosed or after the recording of the notice of pendency provided in subdivision 3; (2) served pursuant to section 580.03; or (3) who no longer has a redeemable interest.

Subd. 5. [EFFECT OF FAILURE TO MAIL NOTICE.] If a person foreclosing a mortgage by advertisement fails to mail a notice of the sale in accordance with subdivision 4, the failure does not invalidate the foreclosure.

Subd. 6. [REMEDIES.] If notice of the sale is not mailed in accordance with subdivision 4 to a person with a properly recorded request for notice, the person requesting notice has a cause of action against the person foreclosing the mortgage for money damages for the lesser of: (1) the equity in the mortgaged premises that would have been available to the person if the person had redeemed; or (2) the value of the person's redeemable interest. The value of a lien holder's redeemable interest is the amount due on and secured by the lien. The person requesting notice has the burden of proving that the notice of the sale was not mailed in accordance with subdivision 4 and that the person requesting notice had a valid redeemable interest in the mortgaged premises, had measurable damages, had the financial ability to redeem, and did not have actual notice of the sale at least 60 days before expiration of the mortgagor's period of redemption. An action for damages resulting from failure to mail notice must be brought within two years of the date of the sheriff's sale.

Subd. 7. [EXCEPTION TO DAMAGE CLAIM.] Notwithstanding subdivision 6, if notice was not mailed in accordance with subdivision 4 to a person requesting notice, the requester has no cause of action against the person foreclosing the mortgage if at least 60 days before the mortgagor's period of redemption expires, a copy of the sheriff's certificate of sale is mailed in the manner provided in this section to the person requesting notice.

Subd. 8. [NO COLOR OF TITLE.] The recording of a request for notice by itself does not give the person requesting notice any interest in the mortgaged premises for any purpose. A recorded request for notice does not constitute actual or constructive notice of any interest in the real property.

Subd. 9. [EFFECTIVE DATE.] This section is effective August 1, 1992. This section applies only to mortgages foreclosed by advertisement when the first date of publication is after January 1, 1993.

Sec. 33. Minnesota Statutes 1990, section 580.15, is amended to read:

580.15 [PERPETUATING EVIDENCE OF SALE.]

Any party desiring to perpetuate the evidence of any sale made in pursuance of this chapter may procure:

(1) An affidavit of the publication of the notice of sale and of any notice of postponement to be made by the printer of the newspaper in which the same was inserted or by some person in the printer's employ knowing the facts;

(2) An affidavit or return of service of such notice upon the occupant of the mortgaged premises to be made by the officer or person making such service or, in case the premises were vacant or unoccupied at the time the service must be made, an affidavit or return showing that fact, to be made by the officer or person attempting to make such service;

(3) An affidavit by the person foreclosing the mortgage, or that person's attorney, or someone knowing the facts, setting forth the facts relating to the military service status of the owner of the mortgaged premises at the time of sale.

(4) An affidavit by the person foreclosing the mortgage, or that person's attorney, or someone having knowledge of the facts, setting forth the fact of service of notice of sale upon the secretary of the treasury of the United States or the secretary's delegate in accordance with the provisions of Section 7425 of the Internal Revenue Code of 1954 as amended by Section 109 of the Federal Tax Lien Act of 1966, and also setting forth the fact of service of notice of sale upon the commissioner of revenue of the state of Minnesota in accordance with the provisions of section 270.69, subdivision 7. Any such affidavit recorded prior to May 16, 1967 shall be effective as prima facie evidence of the facts therein contained as though recorded subsequent to May 16, 1967.

(5) An affidavit by the person foreclosing the mortgage, or that person's attorney, or someone having knowledge of the facts, setting forth the names of the persons to whom a notice of sale was mailed as provided by section 32.

Such affidavits and returns shall be recorded by the county recorder and they and the records thereof, and certified copies of such records, shall be prima facie evidence of the facts therein contained.

The affidavit provided for in clause (3) hereof may be made and filed for record for the purpose of complying with the provisions of

the Soldiers' and Sailors' Civil Relief Act of 1940, passed by the Congress of the United States and approved on October 17, 1940, and may be made and filed for record at any time subsequent to the date of the mortgage foreclosure sale.

Sec. 34. Minnesota Statutes 1990, section 582.01, is amended by adding a subdivision to read:

Subd. 1a. Notwithstanding subdivision 1 to the contrary, the minimum fee for foreclosure by advertisement of mortgages executed after July 31, 1992, is $500.

Sec. 35. Minnesota Statutes 1990, section 582.27, is amended to read:

582.27 [EFFECTIVE DATES.]

Subdivision 1. The following schedule specifies the dates to be applied to the provisions of section 582.25:

(A) As to the general provision of section 582.25, ~~May 1, 1988~~ April 1, 1991;

(B) As to clause (1), ~~May 24, 1989~~ the day following final enactment of this act;

(C) As to clause (2), January 1, ~~1978~~ 1982;

(D) As to clause (5), ~~May 24, 1989~~ the day following final enactment of this act;

(E) As to clause (8), ~~May 24, 1989~~ the day following final enactment of this act;

(F) As to clause (10) (a), ~~May 24, 1989;~~ the day following final enactment of this act.

Subd. 2. The date of the report of sale to which section 582.26 applies is ~~May 24, 1989~~ the day following final enactment of this act.

Subd. 3. The provisions of sections 582.25 to 582.27 shall not affect any action or proceeding pending on August 1, 1989, or which shall be commenced before February 1, 1990, in any of the courts of the state, involving the validity of such foreclosure. This act shall not affect any proceeding pending on August 1, 1992, or which shall be commenced before February 1, 1993, in any of the courts of the state, involving the validity of such foreclosure.

Sec. 36. [EFFECTIVE DATE.]

Section 31 is effective August 1, 1992, and applies to notices given on or after that date, except that, until January 1, 1993, notice given in conformity with Minnesota Statutes 1990, section 559.21, subdivision 3, is valid and must be construed as complying with sections 30 and 31.

Section 35 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to real property; providing for mortgage satisfaction or release by fewer than all mortgagees; abolishing issuance of duplicate certificates of title and duplicate CPTs for use by lessees and mortgagees of registered land; regulating various notice, hearing, and other procedures and requirements for foreclosures and other involuntary transfers of real property; providing for new certificates of title or CPT to be issued for registered land adjoining vacated street or alley; providing that purchase money mortgages are superior to rights or interest of nonmortgaging spouse; providing that marital property interest of nontitled spouse is not subject to levy, judgments, or tax liens; clarifying provisions relating to notice of termination of contract for deed; changing certain dates relating to validation for mortgage foreclosures; amending Minnesota Statutes 1990, sections 507.03; 508.44, subdivision 2; 508.45; 508.55; 508.56; 508.57; 508.58; 508.59; 508.67; 508.71, subdivision 6; 508.73; 508.835; 508A.11, subdivision 3; 508A.44, subdivision 2; 508A.45; 508A.55; 508A.56; 508A.57; 508A.58; 508A.59; 508A.71, subdivision 6; 508A.73; 508A.835; 508A.85, subdivision 3; 514.08, subdivision 2; 518.54, subdivision 5; 559.21, subdivisions 2a and 3; 580.15; 582.01, by adding a subdivision; and 582.27; Minnesota Statutes 1991 Supplement, sections 508.82; and 508A.82; proposing coding for new law in Minnesota Statutes, chapters 507; and 580."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1940, A bill for an act relating to human services; extending the exemption from the Minnesota supplemental aid rate cap to allow payments at the case mix rate for certain medical assistance certified boarding care facilities and nursing homes declared institutions for mental disease; amending Minnesota Statutes 1991 Supplement, section 256I.05, subdivision 2.

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

The report was adopted.

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

H. F. No. 1980, A bill for an act relating to insurance; regulating the structure and functions of the Minnesota automobile insurance plan; amending Minnesota Statutes 1990, sections 65B.01; 65B.02, subdivisions 1, 4, and 7; 65B.03, subdivision 1; 65B.04, subdivisions 3 and 4; 65B.05; 65B.06; 65B.07, subdivision 4; 65B.08, subdivisions 1 and 2; 65B.09; 65B.10; and 65B.12, subdivision 1; repealing Minnesota Statutes 1990, sections 65B.04, subdivisions 1 and 2; and 65B.07, subdivision 2.

Reported the same back with the following amendments:

Page 1, after line 11, insert:

"Section 1. Minnesota Statutes 1990, section 61A.011, is amended by adding a subdivision to read:

Subd. 7. [ACCIDENTAL DEATH BENEFITS.] Notwithstanding any other law to the contrary, payments of accidental death benefits, whether payable in connection with a separate policy issued solely to provide that type of coverage or otherwise, are subject to this section. If the applicable rate of interest cannot be determined as provided in this section, the rate of interest for purposes of subdivision 1 is the rate provided in section 549.09, subdivision 1, paragraph (c)."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 2, after the semicolon insert "regulating accidental death benefits;"

Page 1, line 4, after "sections" insert "61A.011, by adding a subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

McEachern from the Committee on Education to which was referred:

H. F. No. 2013, A bill for an act relating to education; authorizing the state board of technical colleges to contract to provide services; proposing coding for new law in Minnesota Statutes, chapter 136C.

Reported the same back with the following amendments:

Page 1, line 8, delete "The state board of technical colleges" and insert "A technical college"

Amend the title as follows:

Page 1, line 2, delete "the state board of"

Page 1, line 3, delete "technical colleges" and insert "a technical college"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2025, A bill for an act relating to retirement; the Minnesota state retirement system; public employees retirement association; and teachers retirement association; increasing the interest rate on the repayment of refunds and similar transactions; amending Minnesota Statutes 1990, sections 3A.03, subdivision 2; 352.01, subdivision 11; 352.04, subdivision 8; 352.23; 352.27; 352.271; 352B.11, subdivision 4; 352C.051, subdivision 3; 352C.09, subdivision 2; 352D.05, subdivision 4; 352D.11, subdivision 2; 352D.12; 353.28, subdivision 5; 353.35; 353.36, subdivision 2; 354.41, subdivision 9; 354.50, subdivision 2; 354.51, subdivisions 4 and 5; 354.52, subdivision 4; 354.53, subdivision 1; and 490.124, subdivision 12; Minnesota Statutes 1991 Supplement, sections 353.01, subdivision 16; 353.27, subdivisions 12, 12a, and 12b; and 354.094, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 28, strike the second "the" and insert "an annual"

Page 2, line 6, strike "the" and insert "an annual"

Page 4, line 22, strike "the" and insert "an annual"

Page 6, lines 9 and 27, before "8.5" insert "an annual rate of"

Page 7, lines 16 and 31, strike "the" and insert "an annual"

Page 8, lines 5, 23, and 36, before "8.5" insert "an annual rate of"

Page 9, line 6, strike "the" and insert "an annual"

Page 9, line 24, strike "a" and insert "an annual"

Page 9, line 35, before "8.5" insert "an annual rate of"

Page 10, line 6, before "8.5" insert "an annual rate of"

Page 10, line 21, strike "the" and insert "an annual"

Page 10, line 29, before "8.5" insert "an annual rate of"

Page 11, line 33, strike "the" and insert "an annual"

Page 12, line 19, before "8.5" insert "an annual rate of"

Page 13, lines 21 and 32, strike "the" and insert "an annual"

Page 14, lines 1 and 24, strike "the" and insert "an annual"

Page 15, line 2, delete "the" and insert "an annual"

Page 15, line 9, strike "the" and insert "an annual"

Page 15, line 16, strike "a" and insert "an annual"

Page 15, lines 29 and 32, before "8.5" insert "an annual rate of"

Page 16, line 25, strike "the" and insert "an annual"

Page 17, line 28, before "8.5" insert "interest at an annual rate of" and strike "interest"

Page 18, line 13, strike the second "the" and insert "an annual"

Page 18, line 20, before "8.5" insert "interest at an annual rate of" and strike "interest"

Page 19, line 20, strike "the" and insert "an annual" and strike "per" and delete "year" and insert "compounded annually"

Page 20, line 11, before "8.5" insert "interest at an annual rate of" and strike "interest"

Page 20, line 21, strike "the" and insert "an annual"

Page 21, line 15, strike "the" and insert "an annual"

Page 22, line 12, strike "the" and insert "an annual"

Page 22, after line 18 insert:

"ARTICLE 4

REFUND TO MEMBER

Section 1. [ELIGIBILITY FOR REFUND.]

Subdivision 1. Notwithstanding the requirements of Minnesota Statutes, section 353.34, subdivision 7, or other law to the contrary, a member of the public employees retirement association who was born on December 23, 1950, who is a Hennepin county employee on a sick leave of absence first reported to the public employees retirement association on June 19, 1991, may immediately elect to receive a refund of employee contributions as provided in section 353.34, subdivision 2.

Subd. 2. Allowable service under Minnesota Statutes section 353.01, subdivision 16, clause (d) for the individual described in subdivision 1 ends one year form the beginning of the sick leave or on the date of the refund, whichever is earlier.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Amend the title as follows:

Page 1, line 6, after the semicolon insert "authorizing a refund of employee contributions to the public employees retirement association by a certain sick Hennepin county employee;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2028, A bill for an act relating to retirement; making changes in laws governing the Minneapolis employees retirement fund; amending Minnesota Statutes 1990, sections 422A.14, subdivision 1; and 422A.23, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 422A.17; repealing Minnesota Statutes 1990, section 422A.14, subdivision 2.

Reported the same back with the following amendments:

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1991 Supplement, section 422A.101, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL REQUIREMENTS OF FUND.] Prior to August 31 annually, the retirement board, in consultation with the commission-retained actuary, shall prepare an itemized statement of the financial requirements of the fund for the succeeding fiscal year. A copy of the statement shall be submitted to the city council, the board of estimate and taxation of the city, the managing board or chief administrative officer of each city owned public utility, improvement project or municipal activity supported in whole or in part by revenues other than real estate taxes, public corporation, or unit of metropolitan government employing members of the fund, the board of special school district No. 1, and the state commissioner of finance prior to September 15 annually. The statement shall be itemized and shall include the following:

(1) an estimate of the administrative expenses of the fund for the following year, which shall be determined by multiplying, by the factor of 1.035, the figure for administrative expenses as reported in the most recent actuarial valuation prepared by the commission-retained actuary, including ~~any amounts~~ the amount necessary to amortize through June 30, 2020, the annual costs that are determined by the retirement board to be related to investment activities of the deposit accumulation fund other than actual investment transaction amounts~~, by the factor of 1.035~~;

(2) an estimate of the normal cost of the fund expressed as a dollar amount, which shall be determined by applying the normal cost of the fund as reported in the most recent actuarial valuation prepared by the commission-retained actuary and expressed as a percentage of covered payroll to the estimated total covered payroll of all employees covered by the fund for the following year;

(3) an estimate of the contribution required to amortize on a level annual dollar basis the unfunded actuarial accrued liability of the

fund by June 30, 2020, using an interest rate of six percent compounded annually as reported in the most recent actuarial valuation, prepared by the commission-retained actuary expressed as a dollar amount. In determining the amount of the unfunded actuarial accrued liability of the fund, all assets other than the assets of the retirement benefit fund shall be valued as current assets as defined under section 356.215, subdivision 1, clause (6), and the assets of the retirement benefit fund shall be valued equal to the actuarially determined required reserves for benefits payable from that fund;

(4) the amount of any deficiency in the actual amount of any employer contribution provided for in this section when compared to the required contribution amount certified for the previous year, plus interest on the amount at the rate of six percent per annum.

Sec. 2. Minnesota Statutes 1990, section 422A.12, subdivision 2, is amended to read:

Subd. 2. At the close of each fiscal year there shall be credited within the deposit accumulation fund to accounts representing contributions by the municipality and to accounts representing the accumulated amount of each contributing employee in proportion to the average quarterly balance in each such account during said fiscal year, ~~and computed on the balance at the end of each quarter,~~ the amount of income from investments earned on the accumulated funds in possession of the board, after having deducted from the total of such income (1) the amounts otherwise required as interest for various allowances or purposes specified in sections 422A.01 to 422A.25 and (2) an amount to be set aside to liquidate actual or to amortize prospective losses on investments in the accumulation account. The net balance of the investment earnings to be so distributed shall be distributed at the greatest multiple of one-tenth of one percent up to and including a maximum of the interest assumption rate provided for in section 422A.06, subdivision 5 of all such accounts. ~~Any excess then remaining from such investment earnings shall be credited to a reserve fund and be added to and distributed with the investment earnings of the next succeeding year.~~ Any undistributed excess earnings or losses determined to be earnings or losses attributable to the employers' contributions shall be distributed or charged to the employers' reserve accounts in proportion to the employers' average quarterly balances. Any undistributed excess earnings or losses determined to be earnings or losses attributable to the employees' contributions shall be distributed or charged to the employers' reserve accounts in proportion to the number of covered employees employed by each employer. If income from investments is insufficient to enable the crediting of the maximum interest amount to the employee and employer accounts, the maximum interest will first be credited to the employee accounts. If income is insufficient to cover the amounts credited to the employee accounts, the insufficiency attributable to each employer

group of employees' accounts will be made up by a charge against the reserve account of that employer. The amount that shall be set aside annually to liquidate ~~past~~ losses on investments ~~or to create a reserve from which to liquidate future losses~~ shall be such amount as the board may deem necessary for such purpose but not in excess of one mill on the dollar of the gross amount received as income on the cash and investments in the fund."

Page 3, after line 18, insert:

"Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment. Section 1 applies retroactively to the fiscal year ending June 30, 1991. Section 3 does not require payments for any period before the effective date of the section."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections 422A.101, subdivision 1; 422A.12, subdivision 2; and"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2051, A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; amending Minnesota Statutes 1990, sections 15.0575, subdivision 4; 15.06, subdivision 5; and 15.066, subdivision 2.

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

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 2053, A bill for an act relating to drivers' licenses; increasing fees; amending Minnesota Statutes 1990, section 171.06, subdivisions 2 and 4.

Reported the same back with the following amendments:

Page 1, line 11, delete "C-$17" and insert "C-$16" and delete "CC-$21" and insert "CC-$20" and delete "B-$28" and insert "B-$27" and delete "A-$36" and insert "A-$35"

Page 1, line 13, delete "C-$17" and insert "C-$16" and delete "CC-$21" and insert "CC-$20" and delete "B-$28" and insert "B-$27" and delete "A-$16" and insert "A-$15"

Page 1, line 15, delete "$ 8" and insert "$ 7"

Page 1, line 17, delete "$ 6.50" and insert "$ 5.50"

Page 1, line 21, delete "$11" and insert "$10"

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

The report was adopted.

Segal from the Committee on Economic Development to which was referred:

H. F. No. 2071, A bill for an act relating to tax increment financing; clarifying, recodifying, and providing tax increment financing procedures and requirements; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Minnesota Statutes 1990, section 273.1399, as amended.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TAX INCREMENT FINANCING LAW

Section 1. [469.179] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] In sections 1 [469.179] to 10 [469.1799], the terms defined in this section have the meanings set forth in this section, unless the context requires a different meaning.

Subd. 2. [ACTION PROPOSAL.] "Action proposal" means a written plan prepared by an authority describing the proposed removal and remedial actions, as defined in section 115B.02, subdivisions 16 and 17, to be undertaken in a hazardous substance district.

Subd. 3. [ADMINISTRATIVE EXPENSES.] "Administrative expenses" means all expenditures of an authority, including bond counsel fees and the fees of financial, planning, and economic development consultants, but excluding expenditures related to:

(1) the acquisition of any interest in real or personal property;

(2) the physical development of a district or project, including the fees of architects and engineers, and amounts paid to contractors or others providing materials and services;

(3) relocation benefits;

(4) principal, premium, purchase price, and interest payments on bonds;

(5) credit enhancement fees or establishing a reserve for bonds or obligations issued under sections 469.152 to 469.165, and any predecessor sections of Minnesota Statutes, or chapter 462C; and

(6) the discount on bonds.

Subd. 4. [AUTHORITY.] "Authority" means any political subdivision of the state authorized to exercise the powers of:

(1) a housing and redevelopment authority under sections 469.001 to 469.047, and any predecessor sections of Minnesota Statutes;

(2) a port authority under sections 469.048 to 469.068, and any predecessor sections of Minnesota Statutes;

(3) an economic development authority under sections 469.090 to 469.108, and any predecessor sections of Minnesota Statutes;

(4) a city under Laws 1971, chapters 548 and 677, as amended, Laws 1973, chapters 196, 761, and 764, or sections 469.124 to 469.134, and any predecessor sections of Minnesota Statutes;

(5) a rural development financing authority under sections 469.142 to 469.150, and any predecessor sections of Minnesota Statutes;

(6) a municipality under sections 469.152 to 469.165 and any predecessor sections of Minnesota Statutes, excluding any town not located in the metropolitan area and any town with a population not greater than 5,000; or

(7) a redevelopment agency under sections 469.152 to 469.165, and any predecessor sections of Minnesota Statutes.

Subd. 5. [BONDS.] "Bonds" means:

(1) any obligations issued by a municipality or an authority under section 8 [469.1797], and any predecessor section of Minnesota Statutes, including credit enhanced bonds; or

(2) any obligations issued by a municipality or an authority under any other law, except sections 469.152 to 469.165, and any predecessor sections of Minnesota Statutes, or chapter 462C, if tax increment is pledged to the payment of the principal of or interest on the obligations or if the issuer of the obligations reasonably expects to use tax increment to pay the principal of or interest on such obligations.

Subd. 6. [CAPTURED TAX CAPACITY.] "Captured tax capacity" means the amount by which the current tax capacity of a district exceeds the original tax capacity of the district.

Subd. 7. [CERTIFICATION.] "Certification" means the first determination by the county auditor of the county in which a district is located of the original tax capacity of the district or the original assessed value of the district.

Subd. 8. [CLASS RATE.] "Class rate" means any of the class rates set forth under section 273.13.

Subd. 9. [COUNTY AUDITOR.] "County auditor" means the person exercising the powers of the county auditor of a county.

Subd. 10. [CREDIT ENHANCED BONDS.] "Credit enhanced bonds" means any bonds, excluding general obligations as defined in section 475.51, subdivision 10, to which an authority or municipality has pledged tax increment from two or more districts.

Subd. 11. [CURRENT TAX CAPACITY.] "Current tax capacity" means the net tax capacity of the taxable property in a district, as most recently certified by the commissioner of revenue.

Subd. 12. [DATE OF CERTIFICATION.] "Date of certification" means the date the county auditor of the county in which a district is located receives from an authority a written request for certification of the district.

Subd. 13. [DISTRICT.] "District" means an economic development district, a hazardous substance district, a housing district, a manufacturing district, a pre-1979 district, a redevelopment district, a renovation district, a soils condition district, or an underground space district.

Subd. 14. [ECONOMIC DEVELOPMENT DISTRICT.] "Economic development district" means a contiguous or noncontiguous area within a project, described in a plan, that is not a hazardous substance district, housing district, pre-1979 district, redevelopment district, renovation district, soils condition district, or underground space district, meets the requirements of section 3 [469.1792], subdivision 1, and is established to provide for economic development of a project.

Subd. 15. [HAZARDOUS SUBSTANCE DISTRICT.] "Hazardous substance district" means a contiguous or noncontiguous area within a project, described in a plan, that meets the requirements of section 3 [469.1792], subdivision 2, and is established to provide for removal or remedial actions, as defined in section 115B.02, subdivisions 16 and 17, with respect to hazardous substances.

Subd. 16. [HOUSING DISTRICT.] "Housing district" means a contiguous or noncontiguous area within a project, described in a plan, that meets the requirements of section 3 [469.1792], subdivision 3, and is established to provide housing for occupancy primarily by persons or families of low and moderate income.

Subd. 17. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1991.

Subd. 18. [LOCAL TAX RATE.] "Local tax rate" means, with respect to a parcel in a district, the sum of the local tax rates for the parcel imposed by the taxing jurisdictions in which the parcel is located.

Subd. 19. [MANUFACTURING DISTRICT.] "Manufacturing district" means a contiguous or noncontiguous area within a project, described in a plan, that meets the requirements of section 3 [469.1792], subdivision 4, and is established to provide for the development of manufacturing or tourism facilities in a project.

Subd. 20. [METROPOLITAN AREA.] "Metropolitan area" means the area included within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Subd. 21. [MUNICIPALITY.] "Municipality" means any statutory or home rule charter city, and any other political subdivision of the state authorized to exercise the powers of:

(1) a county under sections 469.004 to 469.008, and any predecessor sections of Minnesota Statutes;

(2) a county under sections 469.142 to 469.151, and any predecessor sections of Minnesota Statutes; or

(3) a municipality under sections 469.152 to 469.165, and any predecessor sections of Minnesota Statutes.

Subd. 22. [NET TAX CAPACITY.] "Net tax capacity" means the product of the market value of taxable property, as determined for purposes of general property taxation, and the class rate of the taxable property.

Subd. 23. [ORIGINAL ASSESSED VALUE.] "Original assessed value" means the original assessed value of a district, as initially established by sections 469.174 to 469.179, as amended before 1988.

Subd. 24. [ORIGINAL LOCAL TAX RATE.] "Original local tax rate" means, with respect to a parcel in a district, the sum of the local tax rates for the parcel imposed by the taxing jurisdictions in which the parcel is located as of the date of certification or, if later, the date the parcel is added to the district.

Subd. 25. [ORIGINAL TAX CAPACITY.] "Original tax capacity" means the original tax capacity of a district as determined by section 5 [469.1794], subdivisions 3 and 4.

Subd. 26. [PARCEL.] "Parcel" means the taxable property in a district that, as of the date of certification of the district or, if later, the date the parcel is added to the district, is treated as a single unit for purposes of the general property tax imposed under the laws of the state.

Subd. 27. [PLAN.] "Plan" means the tax increment financing plan for a district prepared in written form by an authority under the terms of section 2 [469.1791], subdivision 3.

Subd. 28. [POPULATION.] "Population" means the population as determined by the most recent available decennial census prepared by the United States Bureau of the Census under United States Code, title 13, section 141, or the most recent available special census prepared by the United States Bureau of the Census under United States Code, title 13, section 196, or the most recent available population estimate prepared by the metropolitan council, or the most recent available population estimate prepared by the state demographer under section 4A.02, clause (9).

Subd. 29. [PRE-1979 DISTRICT.] "Pre-1979 district" means the contiguous or noncontiguous geographic area of a project created

before August 1, 1979, for which certification of the original assessed value was requested by the authority before August 1, 1979.

Subd. 30. [PROJECT.] "Project" means:

(1) a project, as defined in section 469.002, subdivision 12, and any predecessor provision of Minnesota Statutes;

(2) an industrial development district, as defined in section 469.058, subdivision 1, and any predecessor section of Minnesota Statutes;

(3) an economic development district, as defined in section 469.101, subdivision 1, and any predecessor sections of Minnesota Statutes;

(4) a development district, as defined in Laws 1971, chapters 548 and 677, as amended, Laws 1973, chapters 196, 761, and 764, or section 469.125, subdivision 9, and any predecessor sections of Minnesota Statutes;

(5) a project, as defined in section 469.142, and any predecessor sections of Minnesota Statutes; or

(6) a project, as defined in section 469.153, subdivision 2, paragraph (a), (b), or (c), and any predecessor sections of Minnesota Statutes.

Subd. 31. [QUALIFIED DISTRICT.] "Qualified district" means any hazardous substance district, housing district, redevelopment district, renovation district, soils condition district, or underground space district in which the percentage increase in the aggregate equalized market values of the parcels in the district during the five years before the date of certification of the district exceeds the percentage increase, during the same five-year period, in the aggregate equalized market values of the parcels in the school districts in which any parcels of such district are located.

Subd. 32. [REDEVELOPMENT DISTRICT.] "Redevelopment district" means a contiguous or noncontiguous geographic area within a project, described in a plan, that meets the requirements of section 3 [469.1792], subdivision 5, and is established to provide for the redevelopment of a project.

Subd. 33. [RENOVATION DISTRICT.] "Renovation district" means a contiguous or noncontiguous geographic area within a project, described in a plan, that meets the requirements of section 3 [469.1792], subdivision 6, and is established to provide for the renewal and renovation of a project.

Subd. 34. [SOILS CONDITION DISTRICT.] "Soils condition district" means a contiguous or noncontiguous geographic area within a project, described in a plan, that meets the requirements of section 3 [469.1792], subdivision 7, and is established to provide for the correction of soil conditions in a project.

Subd. 35. [TAXABLE PROPERTY.] "Taxable property" means all property subject to the general property tax imposed under the laws of the state.

Subd. 36. [TAX INCREMENT.] "Tax increment" means the property taxes derived from the taxable property in a district that are allocated to the authority for payment of the costs of the district, the costs of the project in which the district is located, and debt service on bonds.

Subd. 37. [UNDERGROUND SPACE DISTRICT.] "Underground space district" means a contiguous or noncontiguous geographic area within a project, described in a plan, that meets the requirements of section 3 [469.1792], subdivision 8, and is established to further the development or redevelopment of mined underground space in a project.

Sec. 2. [469.1791] [CREATION AND TERMINATION OF DISTRICTS.]

Subdivision 1. [GENERALLY.] (a) A district is created when all of the following have occurred:

(1) a tax increment financing plan for the district is approved, in accordance with the terms of subdivision 2, by the authority with jurisdiction over the parcels comprising the proposed district;

(2) the plan is approved, in accordance with the terms of subdivision 4, by the municipality with jurisdiction over the parcels comprising the proposed district; and

(3) the findings in subdivision 5 are made with respect to the district by the municipality.

(b) A district terminates on the earliest of:

(1) the date tax increment from the district may no longer be paid to the authority under section 5 [469.1794], subdivision 6;

(2) the date set forth in the plan for termination of the district;

(3) the date the county auditor of the county in which the district is located receives from the authority a certified resolution of the

governing body of the authority that elects to terminate the district; or

(4) the third anniversary of the date of certification of the district (August 1, 1982, with respect to pre-1979 districts) unless: (i) bonds secured by tax increment from the district have been issued before that date; or (ii) the authority has acquired property within the district; or (iii) the authority or the municipality have constructed, or caused to be constructed, public improvements in the district.

An authority may terminate part of a district under clause (2) or (3) of this paragraph.

(c) An economic development district cannot be created after the effective date of sections 1 [469.179] to 10 [469.1799] unless the district is located entirely outside the metropolitan area and the district is located in a city with a population under 10,000.

(d) A renovation district cannot be created after the effective date of sections 1 [469.179] to 10 [469.1799].

Subd. 2. [AUTHORITY APPROVAL.] The authority must prepare the plan for a district. At least 30 days before approval of the plan by the authority or the municipality, the authority must notify in writing the county and all school districts in which the district is proposed to be located that the authority is considering the approval of the plan and creation of the district. The notice must include a statement that the authority will meet with any representative of any notified county or school district, before the date on which the governing body of the authority is scheduled to consider approval of the plan, to answer questions with respect to the district. The notice shall be accompanied by the most current draft of the plan. The plan must be approved by a resolution adopted by the affirmative votes of a majority of the members of the governing body of the authority.

Subd. 3. [PLAN.] The plan must include at least the following:

(1) the name and address of the authority, the name or title of the officer or employee of the authority designated as the representative of the authority with respect to the district, and the name and address of the municipality in which the district is located;

(2) the property identification numbers of the parcels in the district or the legal description of the district and one or more maps of the district and the project that are adequate to show the location of the district and project with respect to each other;

(3) a statement of the type of project in which the district is located, the duration of the district, and whether the district is an economic development district, a hazardous substance district, a

housing district, a manufacturing district, a pre-1979 district, a redevelopment district, a renovation district, a soils condition district, or an underground space district;

(4) the street address (or similar description) and property identification number or legal description of any parcel in the district that is proposed to be acquired by the authority;

(5) a statement of the estimated expenditures of tax increment derived from the district and funds from other sources to be made by the authority and any municipality with respect to the district and the project;

(6) a statement of the financial impact of the district upon all taxing jurisdictions in which the district is located;

(7) a statement of whether the authority has elected to establish the earliest year in which tax increment shall be received by the authority from a district and, if the election is made, a statement of the year;

(8) a statement of whether the authority has elected the method of determining tax increment under section 5 [469.1794], subdivision 2, paragraph (b);

(9) the termination date of the district;

(10) a description of all studies and analyses employed by the authority to provide the information in the plan required by clauses (1) to (9); and

(11) the original signature of the chief executive officer of the authority, or the chief financial officer of the authority if the chief executive officer has delegated to such financial officer the power to execute plans.

Subd. 4. [MUNICIPALITY APPROVAL.] Before approving the plan for a district, the municipality must conduct a public hearing on the question of the approval of the plan. A notice of the public hearing must be published in a newspaper of general circulation in the municipality at least once, at least ten days but no more than 30 days before the date of the hearing. The notice must include a map of the district. The plan must be approved by a resolution adopted by the affirmative votes of a majority of the members of the governing body of the municipality. Within 30 days after the date the resolution approving the plan is adopted by the municipality, an executed copy of the plan must be delivered to the commissioner of revenue.

Subd. 5. [MUNICIPALITY FINDINGS.] (a) Before, on, or after the date of approval of the plan for a district, and as a condition to the

creation of the district, the governing body of each municipality in which the district is located must make the following findings with respect to the district and the project in which the district is located, by a resolution adopted by the affirmative votes of a majority of the members of the governing body of the municipality:

(1) sufficient facts exist to support qualification of the district as an economic development district, a hazardous substance district, a housing district, a manufacturing district, a redevelopment district, a renovation district, a soils condition district, or an underground space district;

(2) the development or redevelopment in the project expected to be undertaken in conjunction with the creation of the district would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and, therefore, the creation of the district and the use of tax increment financing is necessary, or, with respect to a hazardous substance district, the removal or remedial actions expected to be undertaken in conjunction with the district will prevent the economic deterioration of the project;

(3) the plan conforms to the general plan for the development or redevelopment of the municipality as a whole; and

(4) the plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(b) The approval of the resolution referred to in paragraph (a) by the affirmative votes of a majority of the members of the governing body of the municipality is conclusive of the findings in it and of the public need for the district and the use of tax increment financing.

Subd. 6. [PLAN AMENDMENTS.] (a) If any information required by subdivision 3 to be included in a plan was not available on the date of creation of the plan, or if any information required by subdivision 3 to be included in a plan has changed since it was included in a plan, the authority must amend the plan to include the omitted information or change the information in the plan. If a plan amendment involves an enlargement of the area of the district or of the area of the project in which the district is located, a material change in the estimated expenditures of tax increment derived from the district, or an election under section 5 [469.1794], subdivision 2, paragraph (b), the plan amendment must be approved by the municipality in which the district is located in the same manner required for the initial approval of the plan under subdivision 4, except that publication of a map of the district in the notice required by subdivision 4 is necessary only in the event of the enlargement of the district.

(b) A district cannot be changed from one type of district to

another type of district after the plan for the district has been approved by the municipality in which the district is located. The area of a district may be reduced but cannot be enlarged after the fifth anniversary of the date of certification of the district.

(c) If the parcels in a hazardous substance district were in another district immediately before being included in the hazardous substance district and on the date of termination of the hazardous substance district the other district has not terminated, then at the election of the authority, made in writing and delivered to the county auditor, the parcels may be added back to the other district without any further action of the authority or the municipality in which the other district is located.

Subd. 7. [AUTOMATIC DELETION OF PARCELS FROM DISTRICT.] If neither the owner of a parcel in a district nor the authority begins acquisition, demolition, construction, rehabilitation, renovation, other site preparation (excluding sewer, water, or other utility service), or qualified improvement of a street adjacent to the parcel on or before the fourth anniversary of the later of the date of certification of the district or the date the plan was amended to add the parcel to the district, then the parcel is deleted from the district on the day following such fourth anniversary without any further action of the authority or the municipality. The authority must give written notice to the county auditor of the parcels that are deleted from the district under this subdivision. Such notice must be delivered to the county auditor within six months of such fourth anniversary. If the owner of the parcel or the authority subsequently begins acquisition, demolition, rehabilitation, renovation, other site preparation (excluding sewer, water, or other utility service), or qualified improvement of a street adjacent to the parcel, the authority may elect to add the parcel back to the district by delivery of written notice of such election to the county auditor. For purposes of this subdivision, "qualified improvement of a street" means construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of a street. The county auditor must enforce the provisions of this subdivision.

Sec. 3. [469.1792] [REQUIREMENTS FOR CREATION OF DISTRICTS.]

Subdivision 1. [ECONOMIC DEVELOPMENT DISTRICTS.] A district qualifies as an economic development district only if the authority finds that the creation of the district is in the public interest because it will discourage the relocation of commercial, industrial, or manufacturing operations from the municipality, or it will increase employment in the state, or it will keep or enhance tax payments in the state. Such finding must be made in a resolution adopted on or before the date of approval of the plan for the district by the authority. Specific restrictions on the use of tax increment

derived from an economic development district are described in section 7 [469.1796], subdivision 1.

Subd. 2. [HAZARDOUS SUBSTANCE DISTRICTS.] (a) A district qualifies as a hazardous substance district only if the parcels in the district are designated in an action proposal as parcels to which removal or remedial actions, as defined in section 115B.02, subdivisions 16 and 17, are to be undertaken, or the parcels are contiguous to or adversely affected by parcels to which removal or remedial actions are to be undertaken (including parcels that are contiguous except for the interposition of a right-of-way). As conditions to creation of a hazardous substance district, the authority must:

(1) prepare an action proposal, submit the action proposal to the commissioner of the pollution control agency, and receive a written approval of the action proposal from the commissioner of the pollution control agency; and

(2) enter into an enforceable agreement with any person to complete the removal or remedial actions referred to in the action proposal or specify in the action proposal the sources of money to be used to finance the removal or remedial actions referred to in the action proposal.

(b) A district qualifies as a hazardous substance district only if the authority finds that the district is not larger than, and the duration of the district is not longer than, the minimum necessary to provide for payment of the costs of the district. Such finding must be made in a resolution adopted by the authority on or before the date of approval of the plan for the district by the authority.

(c) Specific restrictions on the use of tax increment derived from a hazardous substance district are described in section 7 [469.1796], subdivision 2.

Subd. 3. [HOUSING DISTRICTS.] A district qualifies as a housing district only if the authority finds that the district will provide financial assistance to owner-occupied residential property to be occupied by persons and families of low or moderate income or will provide financial assistance to residential rental property to be occupied by persons and families of low or moderate income. Such finding must be made in a resolution adopted by the authority on or before the date of approval of the plan for the district by the authority. For purposes of owner-occupied residential property, the property will be considered occupied by persons and families of low or moderate income if 95 percent of the dwelling units are initially purchased and occupied by persons or families whose income is equal to or less than the income limits of section 143(f) of the Internal Revenue Code. For purposes of residential rental property, the property will be considered occupied by persons and families of low or moderate income if the rental and occupancy requirements of

section 142(d) of the Internal Revenue Code are satisfied, or if 50 percent or more of the dwelling units in the residential rental property are occupied by individuals whose income is 80 percent or less of the area median income, as defined in section 142(d) of the Internal Revenue Code. Specific restrictions on the use of tax increment derived from a housing district are described in section 7 [469.1796], subdivision 3.

Subd. 4. [MANUFACTURING DISTRICTS.] (a) A district qualifies as a manufacturing district if the authority finds that the district will provide financial assistance to a manufacturing facility or a tourism facility. The finding must be made in a resolution adopted by the authority on or before the date of approval of the plan for the district by the authority.

(b) For purposes of this subdivision and section 7 [469.1796], subdivisions 1 and 5, "manufacturing facility" means property that is acquired, constructed, or rehabilitated, if at least 85 percent of the property is used:

(1) for the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the tangible personal property;

(2) for the warehousing, storage, and distribution of tangible personal property (excluding retail sales);

(3) for research and development activities related to the activities listed in clauses (1) or (2); or

(4) for office and related space related to the activities listed in clauses (1), (2), or (3).

(c) For purposes of this subdivision and section 7 [469.1796], subdivisions 1 and 5, "tourism facility" means property that:

(1) is located outside the metropolitan area;

(2) is located outside a city with a population in excess of 30,000;

(3) is acquired, constructed, or rehabilitated for use as a convention and meeting facility, amusement park, recreation facility, cultural facility, marina, park, hotel, motel, or other lodging facility that in each case is intended to serve primarily individuals from outside the county; and

(4) the operating and management policies of the tourism facility are approved by the governing body of the authority.

(d) Specific restrictions on the use of tax increment derived from a manufacturing district are described in section 7 [469.1796], subdivision 5.

Subd. 5. [REDEVELOPMENT DISTRICTS.] (a) A district qualifies as a redevelopment district only if the authority finds that one of the following conditions, evenly distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements, 20 percent of the buildings are structurally substandard, and 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; or

(2) the district consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way. Such finding must be made in a resolution adopted by the authority on or before the date of approval of the plan for the district by the authority.

(b) For purposes of this subdivision, "structurally substandard" means defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection (including adequate egress, layout, and condition of interior partitions), or similar factors that are of sufficient total significance to justify substantial renovation or clearance. A building is not structurally substandard if it complies with the building code applicable to new buildings or could be modified to conform to the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same size and type on the site. A building is structurally substandard if it is not in compliance with federal or state laws or regulations regarding access to disabled persons and the costs of construction to gain compliance exceed 15 percent of the cost of constructing a new structure of the same size and type on the site. The authority may determine that a building is structurally substandard on the basis of reasonably available evidence such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. If the evidence supports a reasonable conclusion that the building is structurally substandard, the authority may make this determination without an interior inspection or an independent, expert appraisal of the cost of repair and rehabilitation of the building.

(c) For purposes of this subdivision, a parcel will be considered occupied by a structurally substandard building if:

(1) the parcel was occupied by a substandard building within five years of the date of certification of the district in which the parcel is located; and

(2) before the demolition or removal, the authority finds by resolution that the parcel is occupied by a structurally substandard building and that the authority intends to include the parcel in a district.

(d) For purposes of this subdivision, a parcel is occupied by buildings, streets, utilities, or other improvements if at least 15 percent of the area of the parcel contains buildings, streets, utilities, or other improvements.

(e) A district consisting of two or more noncontiguous areas does not qualify as a redevelopment district unless each area qualifies under paragraph (a) and the entire district qualifies under paragraph (a).

(f) Specific restrictions on the use of tax increment derived from a redevelopment district are described in section 7 [469.1796], subdivision 6.

Subd. 6. [RENOVATION DISTRICTS.] (a) A district qualifies as a renovation district only if the authority finds that the following conditions, evenly distributed throughout the district, exist:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements;

(2) 20 percent of the buildings are structurally substandard; and

(3) 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community. Such finding must be made in a resolution adopted by the authority on or before the date of approval of the plan for the district by the authority.

(b) For purposes of this subdivision, "structurally substandard" means defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection (including adequate egress, layout, and condition of interior partitions), or similar factors that are of sufficient total

significance to justify substantial renovation or clearance. A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to conform to the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same size and type on the site. The authority may determine that a building is structurally substandard on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. If the evidence supports a reasonable conclusion that the building is structurally substandard, the authority may make this determination without an interior inspection or an independent, expert appraisal of the cost of repair and rehabilitation of the building.

(c) For purposes of this subdivision, a parcel is occupied by buildings, streets, utilities, or other improvements if at least 15 percent of the area of the parcel contains buildings, streets, utilities, or other improvements.

(d) A district consisting of two or more noncontiguous areas will not qualify as a renovation district unless each area qualifies under paragraph (a) and the entire district qualifies under paragraph (a).

(e) Specific restrictions on the use of tax increment derived from a renovation district are described in section 7 [469.1796], subdivision 6.

Subd. 7. [SOILS CONDITION DISTRICTS.] (a) A district qualifies as a soils condition district only if the authority finds that the following conditions exist in the district:

(1) less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities, or other improvements;

(2) parcels consisting of 80 percent of the area of the district require substantial filling, grading, or other physical preparation to eliminate unusual terrain or soil deficiencies; and

(3) the estimated cost of the filling, grading, and other physical preparation (excluding costs not attributable to the soil deficiencies that are directly related to roads, as defined in section 160.01, and local improvements, as defined in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01), when added to the fair market value of the land in the district, exceeds the anticipated fair market value of the land in the district upon the completion of the filling, grading, and other physical preparation. Such findings must be made in a resolution adopted by the authority on or before the date of approval of the plan for the district by the authority.

(b) A public waters wetland, as defined in section 103G.005,

subdivision 18, cannot be included in a soils condition district unless the authority proposes in the plan to take actions that will prevent the draining, filling, or other alteration of the wetland.

(c) If any part of the district is located in the metropolitan area, the proposed development of the district described in the plan must be consistent with the land use plan of the municipality, adopted in accordance with sections 473.851 to 473.872, and reviewed by the metropolitan council under section 473.175. If the entire district is located outside the metropolitan area, the proposed development of the district must be consistent with the comprehensive plan of the municipality.

(d) Before approval of the plan for the district by the authority, at least 50 percent of the land in the district subject to unusual soil or terrain deficiencies must be subject to the terms of one or more agreements providing for development of such land by a person other than the authority or the municipality. The agreements must provide recourse for the authority if the development is not completed.

(e) Specific restrictions on the use of tax increment derived from a soils condition district are described in section 7 [469.1796], subdivision 7.

Subd. 8. [UNDERGROUND SPACE DISTRICTS.] A district qualifies as an underground space district only if the authority finds that the parcels in the district will be used for the development or redevelopment of mined underground space for commercial, industrial, or other public or private use. Such finding must be made in a resolution adopted by the authority on or before the date of approval of the plan for the district by the authority. Specific restrictions on the use of tax increment derived from an underground space district are described in section 7 [469.1796], subdivision 8.

Sec. 4. [469.1793] [REPORTING REQUIREMENTS.]

Subdivision 1. [UNIFORM REPORTING FORMS.] The state auditor shall maintain a uniform system of accounting and financial reporting for projects that include one or more districts. The uniform system of accounting and financial reporting must:

(1) provide for full disclosure of the sources and uses of the funds described in the plans for the projects;

(2) permit comparison and reconciliation with the accounts and financial reports of the authority and the municipality in which the projects are located;

(3) permit auditing of the public funds spent with respect to the projects; and

(4) be consistent with generally accepted accounting principles.

Subd. 2. [FINANCIAL REPORTS.] (a) Every authority must prepare annually a financial report for each project located in the boundaries of the authority that includes one or more districts. Each financial report must be prepared in accordance with the uniform system of accounting and financial reporting for projects maintained by the state auditor. On or before July 1 of each year, the financial report for each project must be delivered to the state auditor, the commissioner of revenue, the municipality in which the project is located, the county in which the project is located, and each school district in which the project is located.

(b) In addition to the information required by the uniform system of accounting and financial reporting for projects maintained by the state auditor, each financial report must also contain or be accompanied by the following information:

(1) the types of districts and the expected dates of termination of the districts in the project;

(2) the original tax capacity, current tax capacity, and captured tax capacity of each district in the project, and the tax increment expected to be derived from each district in the project in the current calendar year;

(3) the number of jobs proposed to be created in the next calendar year, the number of actual jobs created in the current calendar year and the average wage and average benefits of the jobs created, and the net number of jobs displaced in the current calendar year;

(4) the outstanding principal amount of bonds issued to finance costs of the project, as of the date of the financial report;

(5) the expenditures of tax increment derived from each district in the project and of the proceeds of bonds issued to finance costs of the districts and the project, in the year preceding the current calendar year (including, without limitation, the specific costs of the acquisition of real property, the acquisition or construction of site improvements, installation of utilities, and administrative expenses);

(6) the acquisition costs and the amount realized from the sales or other transfers of property in the project in the year preceding the current calendar year;

(7) with respect to districts subject to section 6 [469.1795], subdivision 2, the amount of tax increment spent on activities

outside the district in which the tax increment is generated and the amount of the proceeds of bonds referred to in clause (4) that were spent on activities outside the district in which the tax increment is generated that is expected to pay debt service on the bonds, in the year preceding the current calendar year; and

(8) any additional information required by the commissioner of revenue.

Sec. 5. [469.1794] [TAX INCREMENT.]

Subdivision 1. [CERTIFICATION OF DISTRICT.] On any date after creation of a district and before termination of the district, the authority may obtain certification of the district by delivering to the county auditor of the county in which the district is located a written request for certification of the district. The request for certification must be accompanied by a copy of the plan for the district and state whether a building permit has been issued for any of the parcels in the district within the preceding 18 months. As soon as possible after the date of certification, the county auditor must deliver to the authority a statement of the original tax capacity of the district and the amount of the original tax capacity allocated to each parcel of the district, the date of certification of the district, and the local tax rates for the parcels in the district. On or before June 1 of each succeeding year before termination of the district, the county auditor must deliver to the authority a statement of the original tax capacity of the district as most recently determined and the amount of the original tax capacity allocated to each parcel of the district, the date of certification of the district, the local tax rates for the parcels in the district, and the current tax capacity of the district as most recently determined and the amount of the current tax capacity allocated to each parcel of the district.

Subd. 2. [DETERMINATION OF TAX INCREMENT.] (a) The tax increment of a district must be determined for each year beginning with the first year in which the current tax capacity of the district exceeds the original tax capacity of the district, or, if later, the year designated in the plan as the first year in which tax increment may be received from the district. In determining the local tax rates of the taxing jurisdictions in which the district is located, the county auditor must exclude the captured tax capacity of the district from the net tax capacity of the taxing jurisdictions. The local tax rates are extended against the captured tax capacity of the district. The portion of the resulting tax revenues equal to the product of the captured tax capacity and the lesser of the original local tax rate or the local tax rate, together with any penalties or interest allocable to the taxes, are the tax increment of the district for the year in which the taxes are payable. If the original local tax rate is less than the local tax rate, then the difference between the product of the captured tax capacity and the local tax rate and the product of the captured tax capacity and the original local tax rate is treated as if

it is excess tax increment and must be distributed under the terms of section 6 [469.1795], subdivision 1, paragraph (a), clause (7), and paragraph (f).

(b) At the election of the authority, the tax increment of the district may be determined under this paragraph in lieu of the method of determination in paragraph (a). The tax increment of the district must be determined for each year beginning with the first year in which the current tax capacity of the district exceeds the original tax capacity of the district, or, if later, the year designated in the plan as the first year in which tax increment may be received from the district. In determining the local tax rates of the taxing jurisdictions in which the district is located, the county auditor must exclude from the net tax capacity of such taxing jurisdictions the amount by which the captured tax capacity of the district exceeds the product of:

(1) any fiscal disparity commercial-industrial net tax capacity increase in the district between the date of certification of the district and the current year; and

(2) the fiscal disparity ratio determined under section 473F.08, subdivision 6.

The local tax rates are extended against the amount by which the captured tax capacity of the district exceeds the product of the amounts in clauses (1) and (2). The resulting tax revenues, together with any penalties or interest allocable to such taxes, are the tax increment for the district for the year in which the taxes are payable.

Subd. 3. [ORIGINAL TAX CAPACITY.] (a) Except as provided in paragraphs (b) to (e), the original tax capacity of a district on the date of certification of the district is equal to:

(1) the sum of the net tax capacities of the parcels in the district as certified by the commissioner of revenue as of the previous assessment year, if the date of certification occurs before July 1 of a calendar year; or

(2) the sum of the net tax capacities of the parcels in the district as certified by the commissioner of revenue as of the current assessment year, if the date of certification occurs after June 30 of a calendar year.

(b) The original tax capacity of a district, determined under paragraph (a), must be increased by the net tax capacity of any property in the district that is exempt from taxation by reason of public ownership if the public ownership of the property began less than one year before the date of certification of the district.

(c) The original tax capacity of a hazardous substance district is equal to the amount by which the sum of the net tax capacities of the parcels in the hazardous substance district exceeds the costs of the removal and remedial actions of the hazardous substance district set forth in the action proposal. If the action proposal does not specify the costs of the removal and remedial actions of the district, then the authority must separately certify the costs in writing to the county auditor before the date of certification of the original tax capacity of the district.

(d) The original tax capacity of an underground space district is equal to the net tax capacity, if any, assigned to any subsurface area included in the underground space district under section 272.04.

(e) For purposes of paragraph (a), the net tax capacity of the taxable property on a parcel considered occupied by a structurally substandard building under section 3 [469.1792], subdivision 5, paragraph (c), is the greater of:

(1) the net tax capacity of the parcel as determined in accordance with paragraph (a); or

(2) the product of the market value of the taxable property on the parcel for the year in which the structurally substandard building was demolished or removed and the current class rates for such taxable property.

Subd. 4. [SUBSEQUENT ADJUSTMENTS TO ORIGINAL TAX CAPACITY.] (a) In each year after the year in which the date of certification of a district occurs, the original tax capacity of the district must be increased or decreased in accordance with the terms of paragraphs (b) to (k).

(b) If a plan is amended to include an additional parcel in the district, the original tax capacity of the district must be increased by the net tax capacity of the additional parcel, as of the date the parcel is added to the district. If a plan is amended to delete a parcel from the district, the original tax capacity of the district must be decreased by the amount of the original tax capacity of the district allocated to the deleted parcel.

(c) If a parcel in a district that was exempt from property taxation becomes subject to property taxation, the original tax capacity of the district must be increased by the net tax capacity of such parcel, as most recently certified by the commissioner of revenue. If a parcel in a district becomes exempt from property taxation, the original tax capacity of the district must be decreased by the amount of the original tax capacity allocated to such parcel.

(d) If the market value of a parcel in a district increases because

the parcel no longer qualifies for a reduced market value under section 273.111 or 273.112, or under chapter 473H, the original tax capacity of the district must be increased by the part of any increase in the net tax capacity of the parcel that is attributable to the increase in market value. If the market value of a parcel in a district increases because the parcel is no longer treated as unplatted land under section 273.11, subdivision 1, the original tax capacity of the district must be increased by the amount of any increase in the net tax capacity of the parcel that is attributable to the increase in market value.

(e) If the use of a parcel in a district changes, and the change in use results in a change in the class rate applicable to the parcel under section 273.13, the original tax capacity of the district must be increased by the amount of any increase in the net tax capacity of the parcel that is attributable to the change in class rate, and the original tax capacity of the district must be decreased by the amount of any decrease in the net tax capacity of the parcel that is attributable to the change in class rate.

(f) If a class rate established under section 273.13 is amended, and the amendment results in a change in the class rate applicable to a parcel in a district, the original tax capacity of the district must be increased by the amount of any increase in the net tax capacity of the parcel that is attributable to the amendment to the class rate, and the original tax capacity of the district must be decreased by the amount of any decrease in the net tax capacity of the parcel that is attributable to the amendment to the class rate.

(g) If a parcel in a hazardous substance district was in another district immediately before being included in the hazardous substance district and on the date of termination of the hazardous substance district the other district has not terminated, and the parcel is added to the other district as the result of an election of the authority under section 2 [469.1791], subdivision 6, paragraph (c), the original tax capacity of the other district must be increased by the original tax capacity allocated to the parcel on the date of certification of the other district (or, if the parcel was added to the other district after the date of certification of the other district, the original tax capacity allocated to the parcel on the date the parcel was added to the other district).

(h) If a parcel is deleted from a district under section 2 [469.1791], subdivision 7, the original tax capacity of the district must be reduced by the amount of the original tax capacity allocated to the parcel. If a deleted parcel is later added back to the district as the result of an election of an authority under section 2 [469.1791], subdivision 7, the original tax capacity of the district must be increased by the net tax capacity of the parcel, as most recently certified by the commissioner of revenue.

(i) If the market value of a parcel in a district is reduced by order of a court, order of the commissioner of revenue, or action or order of any county or municipality board, administrative agency, or employee with jurisdiction to take such action or make such order, and the reduction in market value relates to the parcel before the later of the date of certification of the district (or, if the parcel was added to the district after the date of certification, the date the parcel was added to the district) or the date on which improvements began on the parcel, the original tax capacity of the district must be adjusted by substituting the net tax capacity of the parcel as of the date of certification of the district (or, if the parcel was added to the district after the date of certification, the date the parcel was added to the district) with the net tax capacity the parcel would have had on the date of certification of the district (or, if the parcel was added to the district after the date of certification, the date the parcel was added to the district) if the reduced market value had been the market value of the parcel on such date.

(j) If a building permit has been issued for a parcel in a district within the 18 months before the later of the date of certification of the district or the date the parcel was added to the district, and the net tax capacity of the parcel on the later of the date of certification of the district or the date the parcel was added to the district is less than the net tax capacity of the parcel upon completion of the improvements constructed under the building permit, the original tax capacity of the district must be increased by the amount by which the net tax capacity of the parcel with the completed improvements exceeds the net tax capacity of the parcel as of the later of the date of certification of the district or the date the parcel was added to the district.

(k) If taxable improvements are made to a parcel after the later of the date of certification of the district or the date the parcel was added to the district, and the parcel becomes exempt from property taxation as a result of the authority acquiring the property through foreclosure or through the exercise of remedies under a lease or other revenue agreement, and the parcel subsequently becomes subject to property taxation, the original tax capacity of the district must be increased by the amount of the original tax capacity allocated to the parcel as of the later of the date of certification of the district or the date the parcel was added to the district.

Subd. 5. [ASSESSMENT AGREEMENTS.] An authority may enter into a written assessment agreement with any person establishing a minimum market value of a parcel, including existing improvements or improvements to be constructed on the parcel, if the parcel and improvements are owned or will be owned by the person. The minimum market value established by an assessment agreement may be fixed or may increase or decrease in later years from the initial minimum market value. An assessment agreement terminates on the earliest of the date any conditions established in

the assessment agreement for termination of the assessment agreement are satisfied, the termination date stated in the assessment agreement, the date that the district or the part of the district in which the parcel is located terminates, or the date that tax increment from the district in which the parcel is located is no longer paid to the authority under subdivision 6. An authority that enters into an assessment agreement must deliver a copy of the assessment agreement to the county assessor of the county in which the district is located, or to the assessor of the municipality in which the district is located if the assessor of the municipality has the powers of the county assessor in the municipality. The county assessor, or the assessor of the municipality, must determine whether the minimum market values in the assessment agreement are reasonable and, if so, shall execute the following certification upon the assessment agreement:

> The undersigned, being legally responsible for the assessment of the property described in this agreement, certifies that the minimum market values assigned to the land and improvements are reasonable.

The assessment agreement may be filed for record in the office of the county recorder or registrar of titles of the county in which the land and improvements are located. If the assessment agreement is filed for record, the market value of the parcel and improvements for purposes of property taxation cannot be determined to be less than the applicable minimum market value established by the terms of the assessment agreement. A market value in excess of the applicable minimum market value established by the terms of the assessment agreement may be assigned to the parcel and improvements. The minimum market value assigned to the parcel and improvements for purposes of property taxation may be reduced through administrative or legal proceedings, but no assessor, auditor, board of review, board of equalization, or the commissioner of revenue, or court of this state shall grant a reduction of the market value below the applicable minimum market value established by the terms of the assessment agreement. A filed assessment agreement constitutes notice to anyone who acquires any interest in the parcel or improvements that are subject to the assessment agreement and the assessment agreement is binding on them.

Subd. 6. [DURATION OF TAX INCREMENT PAYMENTS.] (a) The tax increment derived from a district shall not be paid to the authority in which the district is located:

(1) after 25 years from the date of creation of a hazardous substance district;

(2) after 20 years from the date of receipt by the authority of the first tax increment from a housing district (unless paragraph (b) applies), a redevelopment district, or an underground space district;

(3) after 12 years from the date of receipt by the authority of the first tax increment from a manufacturing district;

(4) after 15 years from the date of receipt by the authority of the first tax increment from a renovation district;

(5) after ten years from the date of receipt by the authority of the first tax increment from a soils condition district;

(6) after eight years from the date of receipt by the authority of the first tax increment from an economic development district; and

(7) with respect to a pre-1979 district, after the earlier of (A) August 1, 2009, or (B) the later of (i) April 1, 2001, or (ii) the latest maturity of an issue of bonds outstanding on April 1, 1990, and secured by tax increment derived from the pre-1979 district (or the latest maturity of bonds issued to refund an issue of bonds outstanding on April 1, 1990, and secured by tax increment derived from the pre-1979 district, if the average maturity of the refunding bonds does not exceed the average maturity of the bonds refunded).

(b) If a final determination is made by the commissioner of revenue or a court that the owner occupied residential property or the residential rental property receiving financial assistance from a housing district is not occupied by persons and families of low or moderate income, as defined in section 3 [469.1792], subdivision 3, then the tax increment derived from the housing district shall not be paid to the authority in which the district is located after the later of:

(1) the date such determination by the commissioner of revenue or a court becomes final; or

(2) the date eight years after the receipt by the authority of the first tax increment from the housing district.

Sec. 6. [469.1795] [AUTHORIZED USES AND GENERAL LIMITATIONS ON THE USES OF TAX INCREMENT.]

Subdivision 1. [AUTHORIZED USES.] (a) All tax increment and all proceeds of bonds must be used for one or more of the following purposes:

(1) to pay the principal, premium, or purchase price of, or interest on, bonds;

(2) to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds, as described in paragraph (b);

(3) to pay public redevelopment costs of a project under sections 469.001 to 469.047, to finance the costs of redevelopment of a project under sections 469.048 to 469.068, to finance the cost of redevelopment of a project under sections 469.090 to 469.108, to finance capital and administration costs of a project under sections 469.124 to 469.134 or under any of the special laws referred to in section 1 [469.179], subdivision 4, clause (4), for the purposes stated in section 469.142, to finance premiums for insurance, pay fees for other credit enhancements, or establish or maintain a reserve securing obligations issued under sections 469.152 to 469.165 (or any predecessor sections of Minnesota Statutes) or under chapter 462C, or to pay neighborhood revitalization program costs under sections 469.1781 and 469.1831;

(4) to pay attorney general expenses or pollution control agency expenses, as described in paragraph (c);

(5) to pay to a school district the tax increment attributable to a referendum levy, as described in paragraph (d);

(6) to pay county road costs and costs of administration, as described in paragraph (e);

(7) to distribute excess tax increment to certain taxing jurisdictions, as described in paragraph (f);

(8) to transfer tax increment from parcels in qualified districts to the school districts in which such parcels are located, as described in paragraph (g); or

(9) for any purpose directed or permitted by any other special or general law that specifically refers to tax increment or the proceeds of bonds and requires or authorizes the use of such tax increment or proceeds of bonds for specified purposes.

(b) An authority may use tax increment derived from any district in the jurisdictional boundaries of the authority to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds if:

(1) the authority finds that more than one-half of the tax increment to be used to pay the principal, premium, or purchase price of, or interest on, the credit enhanced bonds will be derived from the district in which at least 75 percent of the proceeds of the credit enhanced bonds will be considered applied to activities in the district, as defined in subdivision 2; and

(2) the authority finds that it is necessary to pledge to the payment of the principal, premium, or purchase price of, and interest on, the credit enhanced bonds all or part of the tax increment

derived from one or more additional districts to make the marketing of the credit enhanced bonds feasible.

(c) If, with respect to a hazardous substance district, the attorney general brings a civil action on behalf of an authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law, or the attorney general assists an authority in bringing such a civil action, by providing legal advice, technical advice, or other assistance, or by intervening in the action, the authority must pay to the attorney general the expenses incurred by the attorney general with respect to the foregoing activities of the attorney general. If, with respect to a hazardous substance district, the pollution control agency incurs expenses to review and approve an action proposal or to render services to the attorney general with respect to the foregoing activities of the attorney general, the authority must pay to the pollution control agency the amount of such expenses incurred by the pollution control agency. Such expenses of the attorney general and the pollution control agency must be paid from the tax increment derived from the hazardous substance district that remains after payment of current debt service on bonds secured by such tax increment.

(d) If the voters of a school district approve a referendum authorizing an increase in local tax rates, an authority must pay to the school district, from all districts of the authority within the boundaries of the school district, the tax increment attributable to such increase in local tax rates if:

(1) on the date the referendum is approved, there are no bonds outstanding that were issued before May 1, 1988; or

(2) clause (1) does not apply and such payments are approved by both a majority vote of the governing body of the municipality in which such districts are located and a majority vote of the governing body of the school district in accordance with section 124A.03, subdivision 2, paragraph (g). The school districts must use the tax increment in the same manner as the money derived from the referendum levy.

(e) An authority must pay the costs of road improvements made by a county with respect to a project of the authority located in the county, from the tax increment derived from the districts in the project or from the proceeds of bonds secured by such tax increment, if the road improvements are not scheduled for construction within five years under the county capital improvement plan or other formally adopted county plan and the county determines that:

(1) the development or redevelopment of the project will require the construction of road improvements by the county; and

(2) the road improvements would not have been required if the project had not been created by the authority.

An authority must pay the expenses of administration incurred by a county with respect to a project of the authority located in the county, from the tax increment derived from the districts in the project or from the proceeds of bonds secured by such tax increment. If a county intends to have its costs of road improvements or expenses of administration with respect to a project paid from tax increment derived from a district of the project created after the effective date of sections 1 [469.179] to 10 [469.1799], it must deliver written notification of such intent to the authority within 30 days of receipt by the county of the notice referred to in section 2 [469.1791], subdivision 2. The notice from the county must include an estimate of the amount of such costs and expenses. If the authority does not agree with the need for such costs or expenses, or the amount of such costs or expenses, the authority may demand in a written notice to the county that the dispute be submitted to binding arbitration in accordance with sections 572.08 to 572.30 and the rules of the American Arbitration Association. Within 30 days after the demand for binding arbitration, the parties must each select an arbitrator or agree upon a single arbitrator. If the parties each select an arbitrator, the two arbitrators must select a third arbitrator within 45 days after the demand for binding arbitration. Each party must pay the fees and expenses of the arbitrator it selected and the parties must share equally the expenses of the third arbitrator or an arbitrator mutually agreed upon by the parties.

(f) If an authority receives tax increment from a district in excess of the amount the authority intends to use, the authority must deliver the tax increment to the county with a written statement to the effect that such tax increment constitutes excess tax increment and is to be distributed to the county, municipality, and school district in which the district from which the tax increment was derived is located. The amount of excess tax increment to be distributed to the county, municipality, and school district is equal to the product of:

(1) the excess tax increment; and

(2) a fraction for each such governmental body the numerator of which is the current local tax rate of the governmental body and the denominator of which is the sum of the local tax rates for all three governmental bodies. The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution. The amounts distributed to a city or county must be deducted from the levy limits of the governmental unit for the following year. In calculating the levy limit base for later years, the amount deducted must be treated as a local government aid payment.

(g) If a district is a qualified district, the county auditor must withhold from each parcel in the qualified district a portion of the tax increment derived from each such parcel in an amount equal to the lesser of:

(1) the tax increment derived from the parcel; or

(2) an amount equal to the product of the current tax capacity of the parcel and the current general education tax rate established under section 124A.23. The tax increment withheld from each parcel must be transferred by the county auditor to the school district in which the parcel is located.

Subd. 2. [GENERAL EXPENDITURE LIMITATION.] (a) At least 75 percent of the tax increment derived from a district (excluding hazardous substance districts, manufacturing districts that provide financial assistance to a tourism facility, and redevelopment districts) must be applied to:

(1) activities in the district; or

(2) to pay the principal, premium, or purchase price of, or interest on, bonds, to the extent the proceeds of the bonds were applied to activities in the district; or

(3) to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds. No more than 25 percent of the tax increment derived from a district, excluding hazardous substance districts, manufacturing districts that provide financial assistance to a tourism facility, and redevelopment districts, may be applied, through a development fund or otherwise, to activities outside the district or to pay the principal, premium, or purchase price of, or interest on, bonds, to the extent the proceeds of the bonds were applied to activities outside the district, except to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds.

(b) For purposes of this subdivision, "activities in the district" includes:

(1) in the case of any district, the activities described in section 7 [469.1796], subdivision 2;

(2) in the case of a housing district, any housing described in section 3 [469.1792], subdivision 3;

(3) any activities authorized in subdivision 1, paragraph (a), clause (3), undertaken within the boundaries of the district;

(4) payments of attorney general expenses and pollution control

agency expenses referred to in subdivision 1, paragraph (a), clause (4);

(5) payments to a school district of tax increment that is attributable to a referendum levy, referred to in subdivision 1, paragraph (a), clause (5);

(6) county road costs and expenses of administration, referred to in subdivision 1, paragraph (a), clause (6);

(7) distributions of excess tax increment, referred to in subdivision 1, paragraph (a), clause (7); and

(8) transfers of tax increment from parcels in qualified districts, referred to in subdivision 1, paragraph (a), clause (8).

(c) Tax increment derived from a district is considered to have been applied to an activity in the district described in paragraph (b), clause (1), (2), or (3), only if:

(1) on or before the fifth anniversary of the date of certification of the district, the tax increment is actually paid to a third party with respect to the activity in the district;

(2) the tax increment is used to pay the principal, premium, or purchase price of, or interest on, bonds if, on or before the fifth anniversary of the date of certification of the district, the bonds are sold to a third party and the proceeds of the bonds are reasonably expected on the date of issuance of the bonds to be deposited in a reserve or replacement fund or spent before the later of:

(i) the fifth anniversary of the date of issuance of the bonds; or

(ii) the expiration of a reasonable temporary period, as defined in section 148(c)(1) of the Internal Revenue Code;

(3) on or before the fifth anniversary of the date of certification of the district, a binding contract is entered into with a third party for performance of the activity in the district and the tax increment is applied in accordance with the terms of the binding contract; or

(4) on or before the fifth anniversary of the date of certification of the district, costs of the activity in the district are paid and the tax increment is applied to reimburse a person for payment of such costs, including interest on unreimbursed costs.

(d) For purposes of paragraph (c), "third party" means any person other than: (1) a person receiving the benefit of assistance financed with tax increment, or (2) the authority, the municipality, or any person substantially under the control of the municipality. For

purposes of paragraph (c), "bonds" includes refunding bonds if the original refunded bonds are described in paragraph (c), clause (2).

Subd. 3. [OTHER GENERAL USE LIMITATIONS.] (a) Tax increment derived from a district, revenues derived from the sale, lease, or operation of any property or facility financed in whole or in part with tax increment, and earnings derived from the investment of the foregoing cannot be applied to the administrative expenses of a project in excess of ten percent of the total tax increment expenditures authorized by the plan or the total tax increment expenditures for the project, whichever is less.

(b) Tax increment cannot be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government, or the state or federal government. This paragraph does not prohibit the use of tax increment for the construction or renovation of a parking structure, commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of a local unit of government, or the state or federal government.

(c) Tax increment derived from parcels located in one county cannot be applied to uses in another county unless the governing bodies of both counties agree to such application.

(d) Tax increment, revenues derived from the sale, lease, or operation of any property or facility financed in whole or in part with tax increment, and earnings derived from the investment of the foregoing cannot be transferred from an authority to any political subdivision of the state unless:

(1) the transfer is specifically authorized by statute;

(2) the transfer is made in exchange for specific services, such as legal, financial, or engineering services, performed by the political subdivision for the authority and the total amount of such transfers to all political subdivisions in a calendar year does not exceed $250,000;

(3) the transfer is made to the political subdivision under the terms of a contract that was awarded to the political subdivision pursuant to public bidding procedures, or the transfer is made to the political subdivision according to a central service cost allocation plan, as described by Office of Management and Budget circular A-87 and the plan has been approved by the state auditor; or

(4) the transfer is made to repay a loan from the political subdivision to the authority.

If tax increment, revenues, or earnings referred to in the preceding sentence are transferred to a political subdivision, such tax increment, revenues, and earnings must be used by the political subdivision solely for purposes authorized by chapter 469 (excluding sections 469.152 to 469.165 and sections 469.1781 and 469.1831).

Sec. 7. [469.1796] [SPECIFIC LIMITATIONS ON THE USES OF TAX INCREMENT.]

Subdivision 1. [ECONOMIC DEVELOPMENT DISTRICT LIMITATIONS.] (a) Tax increment derived from an economic development district cannot be applied to improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to a building if:

(1) 20 percent or more of the building, by square footage, is used for a nonqualifying purpose; or

(2) if the nonqualifying purpose is directly related to and in support of the other purposes of the building, 35 percent or more of the building, by square footage, is used for a nonqualifying purpose.

(b) For purposes of this subdivision, "nonqualifying purpose" means any purpose other than: (1) a manufacturing facility, as defined in section 3 [469.1792], subdivision 4, paragraph (b); or (2) a tourism facility, as defined in section 3 [469.1792], subdivision 4, paragraph (c). For purposes of this subdivision, "qualifying purpose" means any purpose that is not a nonqualifying purpose.

(c) If tax increment assistance is provided with respect to a building that the authority expected to be used primarily for a qualifying purpose, and, within five years after the date of certification of the district, more than 20 percent of the building is used for a nonqualifying purpose (more than 35 percent, if the nonqualifying purpose is directly related to and in support of the qualifying purpose), the recipient of the tax increment assistance must pay to the authority an amount equal to 90 percent of the benefit resulting from the tax increment assistance. The amount required to be paid may not exceed the amount of tax increment assistance provided with respect to the building. Any money received by the authority under this paragraph must be considered to be tax increment derived from the economic development district and must be used by the authority in accordance with section 6 [469.1795]. For purposes of this paragraph, "benefit" has the meaning given in chapter 429.

(d) Paragraph (a) does not apply to up to 5,000 square feet of commercial and retail space in any municipality with a population of 10,000 or less. The 5,000 square feet limitation is cumulative and applies to all facilities in all economic development districts within the municipality.

Subd. 2. [HAZARDOUS SUBSTANCE DISTRICT LIMITATIONS.] Tax increment derived from a hazardous substance district must be used only as follows:

(1) to pay or reimburse the costs of removal or remedial actions, as defined in section 115B.02, subdivisions 16 and 17, with respect to hazardous substances or pollutants or contaminants or petroleum releases affecting or which may affect the designated hazardous substance district;

(2) to pay or reimburse the costs of pollution testing, demolition, and soil compaction correction necessitated by the action plan for the hazardous substance district;

(3) to pay or reimburse the costs of relocation costs, related administrative expenses, legal fees, and attorney general expenses or pollution control agency expenses, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (4), and paragraph (c);

(4) to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds or bonds issued to finance any of the foregoing;

(5) to pay to a school district the tax increment attributable to a referendum levy, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (5);

(6) to pay county road costs and costs of administration, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (6);

(7) to distribute excess tax increment, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (7); or

(8) to transfer tax increment from parcels in qualified districts to the school districts in which such parcels are located, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (8).

Subd. 3. [HOUSING DISTRICT LIMITATIONS.] (a) Tax increment derived from a housing district must be used only as follows:

(1) to finance the costs of land acquisition, the acquisition, installation, and construction of utilities, and the acquisition, installation, and construction of publicly-owned improvements related to qualified owner-occupied housing, as described in paragraph (b), and the relocation costs, administrative expenses, and costs of public improvements directly related to the qualified owner-occupied housing;

(2) to finance the costs of land acquisition, the acquisition,

installation, and construction of utilities, and the acquisition, installation, and construction of publicly-owned improvements related to qualified rental housing, as described in paragraph (c), and the administrative expenses and costs of public improvements directly related to the qualified rental housing;

(3) to finance an interest reduction program, as described in subdivision 4, with respect to rental housing;

(4) to finance the costs of land acquisition, the acquisition, installation, and construction of utilities, and the acquisition, installation, and construction of publicly-owned improvements related to any housing facilities located in a targeted area, as defined in section 462C.02, subdivision 9, clause (e);

(5) to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds or bonds issued to finance any of the foregoing;

(6) to pay to a school district the tax increment attributable to a referendum levy, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (5);

(7) to pay the county road costs and costs of administration, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (6);

(8) to distribute excess tax increment, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (7); or

(9) to transfer tax increment from parcels in qualified districts to the school districts in which such parcels are located, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (8).

(b) Owner-occupied housing will constitute qualified owner-occupied housing if:

(1) 95 percent of the housing units are initially purchased and occupied by a person or persons whose family income is equal to or less than the maximum income requirements for single family housing financed with qualified mortgage bonds within the meaning of section 143 of the Internal Revenue Code; and

(2) no more than 20 percent of the market value of the owner-occupied housing development consists of commercial uses or uses other than qualified owner-occupied housing. Fair market values may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value.

(c) Rental housing will constitute qualified rental housing if the

rental housing is occupied by persons and families of low or moderate income, and no more than 20 percent of the market value of the rental housing development consists of commercial uses or uses other than qualified rental housing. Fair market values may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value. Rental housing will be considered occupied by persons and families of low or moderate income if the rental and occupancy requirements of section 142(d) of the Internal Revenue Code are satisfied, or if 50 percent or more of the dwelling units in the rental housing are occupied by individuals whose income is 80 percent or less of the area median income, as defined in section 142(d) of the Internal Revenue Code.

Subd. 4. [INTEREST REDUCTION PROGRAM LIMITATIONS.] Tax increment may be applied to the costs of an interest reduction program established under section 469.012, subdivisions 7 to 9, or under any other law granting interest reduction authority by reference to section 469.012, subdivisions 7 to 9, subject to the following limitations:

(1) tax increment must not be applied to the interest reduction program in excess of 12 years, unless the tax increment is used to provide financial assistance to residential rental property occupied or to be occupied by persons and families of low or moderate income, as defined in section 3 [469.1792], subdivision 3;

(2) no tax increment may be used for an interest reduction program if the proceeds of bonds issued after December 31, 1985, have been or will be used to provide financial assistance to the specific project that would receive the benefit of the interest reduction program; and

(3) tax increment must not be applied to an interest reduction program for owner-occupied housing.

Subd. 5. [MANUFACTURING DISTRICT LIMITATIONS.] Tax increment derived from a manufacturing district must be used only as follows:

(1) to pay or reimburse the costs of the acquisition of land for a manufacturing facility or a tourism facility, or the construction or rehabilitation of a public improvement, a manufacturing facility, or a publicly-owned tourism facility, as defined in section 3 [469.1792], subdivision 4, or relocation costs;

(2) to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds or bonds issued to finance such costs;

(3) to pay to a school district the tax increment attributable to a

referendum levy, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (5);

(4) to pay the county road costs and costs of administration referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (6);

(5) to distribute excess tax increment, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (7); or

(6) to transfer tax increment from parcels in qualified districts to the school districts in which such parcels are located, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (8).

Subd. 6. [REDEVELOPMENT DISTRICT AND RENOVATION DISTRICT LIMITATIONS.] At least 90 percent of the tax increment derived from a redevelopment district must be used to finance the costs of correcting conditions that allow the designation of redevelopment districts, pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds or bonds issued to finance such costs, or pay relocation costs, or must be applied to pay to a school district the tax increment attributable to a referendum levy, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (5), to pay county road costs and costs of administration, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (6), to distribute excess tax increment, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (7), or to transfer tax increment from parcels in qualified districts to the school districts in which such parcels are located, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (8). At least 90 percent of the tax increment derived from a renovation district must be used to finance the costs of correcting conditions that allow the designation of renovation districts, pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds or bonds issued to finance such costs, or pay relocation costs, or must be applied to pay to a school district the tax increment attributable to a referendum levy, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (5), to pay county road costs and costs of administration, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (6), to distribute excess tax increment, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (7), or to transfer tax increment from parcels in qualified districts to the school districts in which such parcels are located, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (8). These costs include acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, installation of utilities, roads, sidewalks, and parking facilities for the site, and administrative expenses allocable to such costs.

Subd. 7. [SOILS CONDITION DISTRICT LIMITATIONS.] Tax increment derived from a soils condition district must be used only as follows:

(1) to acquire parcels, pay for the cost of correcting unusual terrain or soil deficiencies on the acquired parcels, pay for the installation of public improvements with respect to the acquired parcels, pay relocation costs, and pay the administrative expenses allocable to the soils condition district;

(2) to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds or bonds issued to finance any of the foregoing;

(3) to pay to a school district the tax increment attributable to a referendum levy, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (5);

(4) to pay county road costs and costs of administration, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (6);

(5) to distribute excess tax increment, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (7); or

(6) to transfer tax increment from parcels in qualified districts to the school districts in which such parcels are located, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (8).

Subd. 8. [UNDERGROUND SPACE DISTRICT LIMITATIONS.] Tax increment derived from an underground space district must be used only as follows:

(1) pay the costs of excavating and supporting the mined underground space, pay the costs of providing public access, including roadways, to the mined underground space, pay relocation costs, and pay the costs of installing utilities, including fire sprinkler systems in the mined underground space;

(2) to pay the principal, premium, or purchase price of, or interest on, credit enhanced bonds or bonds issued to finance any of the foregoing;

(3) to pay to a school district the tax increment attributable to a referendum levy, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (5);

(4) to pay county road costs and costs of administration, referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (6);

(5) to distribute excess tax increment, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (7); or

(6) to transfer tax increment from parcels in qualified districts to the school districts in which such parcels are located, as referred to in section 6 [469.1795], subdivision 1, paragraph (a), clause (8).

Sec. 8. [469.1797] [BONDS.]

Subdivision 1. [GENERALLY.] Notwithstanding any other law, no obligations, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken except as authorized in this section. Bonds are not included in the net debt of any municipality.

Subd. 2. [MUNICIPALITY GENERAL OBLIGATION BONDS.] A municipality may issue general obligation bonds to finance any expenditure or use referred to in section 6 [469.1795], subdivision 1, made by the municipality or by an authority the jurisdiction of which is wholly or partially within the municipality, in the same manner and subject only to the same conditions as those provided in chapter 475 for obligations financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments, or other revenues for the payment of the principal, premium, or purchase price of, or interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, must be made by written agreement between the authority and the municipality. If the authority and the municipality are the same, the municipality may, by a resolution covenant, pledge tax increment, assessments, or other revenues for the payment of the principal, premium, or purchase price of, or interest on, general obligation bonds issued under this subdivision. If tax increment, assessments, and other revenues are pledged to general obligation bonds of the municipality, the estimated collections of tax increment, assessments, and other revenues so pledged may be deducted from the taxes otherwise required to be levied under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

Subd. 3. [AUTHORITY GENERAL OBLIGATION BONDS.] If the authority and the municipality are not the same, the authority may issue general obligation bonds to finance any expenditure or use referred to in section 6 [469.1795], subdivision 1, made by the authority or by a municipality the jurisdiction of which wholly or partially includes the authority. General obligation bonds of the authority must be authorized by resolution of the authority and may be issued in one or more series, have the date or dates, mature on such dates, bear interest at such rate or rates, be in the denominations and form, carry conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in medium of

payment at the place or places, and be subject to the terms of redemption or purchase, with or without premium, as the resolution or an indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices the authority determines by resolution. In any suit or proceedings involving the validity or enforceability of any bonds of the authority or the security for the bonds, any bond reciting in substance that it has been issued by the authority to aid in financing a project must be conclusively considered issued for that purpose, and the districts within the project must be conclusively considered planned, located, and carried out in accordance with the purposes and provisions of sections 1 [469.179] to 10 [469.1799]. No director, commissioner, council member, board member, officer, employee, or agent of the authority nor any person executing the bonds is liable personally on the bonds by reason of their issuance. The bonds of the authority are not a debt of any municipality, the state, or any political subdivision of the state, except the authority, and neither the municipality nor the state or any political subdivision of the state, except the authority, is liable thereon, nor shall the bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a district pledged for payment of the bonds.

Subd. 4. [AUTHORITY REVENUE BONDS.] Notwithstanding any other law, an authority may issue revenue bonds payable solely from all or part of revenues, including tax increment and assessments, derived from one or more districts, to finance any expenditure or use referred to in section 6 [469.1795], subdivision 1. Revenue bonds of the authority must be authorized by resolution of the authority and may be issued in one or more series, have the date or dates, mature on such dates, bear interest at the rate or rates, be in the denominations and form, carry conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption or purchase, with or without premium, as the resolution or an indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices the authority determines by resolution. In any suit or proceedings involving the validity or enforceability of any bonds of the authority or the security for the bonds, any bond reciting in substance that it has been issued by the authority to aid in financing a project must be conclusively considered issued for that purpose, and the districts within the project must be conclusively considered planned, located, and carried out in accordance with the purposes and provisions of sections 1 [469.179] to 10 [469.1799]. No director, commissioner, council member, board member, officer, employee, or agent of the authority nor any person executing the bonds is liable personally on the bonds by reason of their issuance. The bonds may be further secured by a pledge and mortgage of all or any part of the project in aid of which the bonds are issued and by covenants the authority determines by resolution to be necessary and proper to secure payment of the bonds. The bonds are not payable from any funds

other than the revenues and property pledged or mortgaged to the payment thereof, and the authority is not subject to any liability thereon and has no powers to pay or obligate itself to pay the bonds from funds other than the revenues and properties pledged and mortgaged. No owners of the bonds can compel any exercise of any taxing power of the authority or any other public body, other than as permitted or required under sections 1 [469.179] to 10 [469.1799] and pledged, to pay the principal, premium, or purchase price of, or interest on, the bonds or to enforce payment of the bonds against any property of the authority or other public body other than that expressly pledged or mortgaged for payment of them.

Subd. 5. [TEMPORARY BONDS.] (a) In anticipation of the issuance of bonds under subdivision 2, 3, or 4, the authority or municipality may, by resolution, issue temporary bonds under subdivision 2, 3, or 4, maturing within three years from their date of issue, to finance any part or all of any expenditure or use referred to in section 6 [469.1795], subdivision 1. To the extent that the principal or premium of or interest on the temporary bonds cannot be paid when due from receipts of tax increment, assessments, or other funds appropriated for the purpose, the principal, premium, and interest must be paid from the proceeds of long-term bonds or additional temporary bonds that the authority or municipality offers for sale in advance of the maturity date of the temporary bonds, but the indebtedness funded by an issue of temporary bonds cannot be extended by the issuance of additional temporary bonds for more than six years from the date of the first issue. Long-term bonds may be issued under subdivision 2, 3, or 4 without regard to whether the temporary bonds were issued under subdivision 2, 3, or 4. If general obligation temporary bonds are issued under subdivision 2, the proceeds of long-term bonds or additional temporary bonds not yet sold may be treated as pledged revenues in reduction of the tax otherwise required by section 475.61 to be levied before delivery of the obligations. Subject to the six-year maturity limitation referred to in this subdivision, but without regard to the requirement of section 475.58, if any temporary bonds are not paid in full at maturity, in addition to any other remedy authorized or permitted by law, the owners of the bonds may demand that the authority or municipality issue replacement temporary bonds under subdivision 2, 3, or 4 to be exchanged at par for the outstanding temporary bonds. The replacement temporary bonds must mature within one year of the date of their date of issue and bear interest at the same rates as the temporary bonds replaced. The authority or municipality must issue a replacement temporary bond and exchange it for an outstanding temporary bond not paid in full at maturity, in accordance with the terms of this subdivision, upon demand of the owner of the temporary bond.

(b) Funds of a municipality may be invested in its temporary bonds in accordance with section 471.56, and may be purchased upon their initial issuance, but must be purchased only from funds that

the governing body of the municipality determines will not be required for other purposes before the maturity date, and must be resold before maturity only in case of emergency. If purchased from a debt service fund securing other bonds, the owners of the other bonds may enforce the obligations of the municipality with respect to the temporary bonds as if such owners were the owners of the temporary bonds.

Subd. 6. [FEDERAL VOLUME LIMITATIONS.] Sections 474A.01 to 474A.21 apply to any issuance of obligations under this section that is subject to limitation under federal tax law, as defined in section 474A.02, subdivision 8.

Subd. 7. [INTERNAL BORROWING.] In lieu of issuing bonds and using the proceeds from the sale of bonds to finance the costs of a project, an authority may use other available funds to finance such costs. Notwithstanding any limitations imposed by sections 1 [469.179] to 10 [469.1799] on the uses of tax increment, tax increment may be used to reimburse the authority the principal amount of other available funds used to finance the costs of the project, and tax increment may also be used to reimburse the authority for the investment earnings the authority would have realized from the investment of other available funds if the funds had been invested and not used to finance the costs of the project. For purposes of this subdivision, the earnings that the authority would have realized from the investment of the other available funds must be calculated from the date of expenditure of the other available funds to the date of reimbursement of the funds at an interest rate equal to the prevailing rate for 30-year United States Treasury bonds, as reported in the Wall Street Journal on the nearest date prior to the date of the expenditure.

Sec. 9. [469.1798] [ENFORCEMENT.]

Subdivision 1. [GENERALLY.] (a) The commissioner of revenue may bring suit for equitable relief or for damages, as provided in subdivisions 2, 3, and 4, arising out of a failure of a municipality or authority to comply with sections 1 [469.179] to 10 [469.1799] or related provisions of this chapter, with respect to any district in the municipality or authority. In addition, any owner of taxable property located in the city, town, school district, or county in which a district is located may bring suit for equitable relief or for damages, as provided in subdivisions 2, 3, and 4, arising out of a failure of a municipality or authority to comply with sections 1 [469.179] to 10 [469.1799], or related provisions of this chapter, with respect to the district. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.

(b) The responsibility for financial and compliance auditing of the use of tax increment financing by authorities and municipalities remains with the state auditor. If the state auditor finds evidence

that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor must forward the relevant information to the commissioner of revenue. The commissioner of revenue may audit the use of tax increment financing by an authority.

Subd. 2. [COLLECTION OF INCREMENT.] If an authority includes or retains a parcel in a district that does not qualify for inclusion or retention in the district, the authority must pay to the county auditor an amount of money equal to the tax increment derived from the parcel for the year or years that the parcel did not qualify for inclusion or retention in the district. The original tax capacity must be reduced by the amount of the original tax capacity allocated to the parcel and the current tax capacity must be reduced by the amount of current tax capacity allocated to the parcel, effective for the current property tax assessment year. This subdivision does not apply to a failure to terminate a district on the termination date specified in the plan.

Subd. 3. [TAX INCREMENT EXPENDITURES.] An authority must pay to the county auditor an amount of money equal the tax increment and the proceeds of bonds spent or used:

(1) for a purpose that is not permitted under sections 6 [469.1795] and 7 [469.1796], or

(2) for an activity outside the geographic area in which the tax increment and proceeds of bonds may be spent or used.

Subd. 4. [LIMITATIONS.] (a) If tax increment is pledged to bonds that were issued before any suit is filed under this section, the damages under this section cannot exceed the greatest of:

(1) the damages under subdivision 2 or 3;

(2) ten percent of the sum of the tax increment and proceeds of bonds spent or used for a purpose that is not permitted under sections 6 [469.1795] and 7 [469.1796] or expended or used for an activity outside the geographic area in which the tax increment and proceeds of bonds may be spent or used; or

(3) the tax increment remaining after payment of the principal of and interest due on the bonds.

(b) In any action for damages commenced under this section, a court may abate or reduce the damages authorized in this section if the court determines that:

(1) the action by the authority or municipality was undertaken with a good faith belief in the conformity with applicable law of:

(i) the inclusion or retention of a parcel in a district that did not qualify for inclusion or retention in the district; or

(ii) the expenditures or use of tax increment or the proceeds of bonds for a purpose not authorized under sections 6 [469.1795] or 7 [469.1796] or for an activity outside the geographic area in which the tax increment and proceeds of bonds may be spent or used; and

(2) the payment of such damages would impose an undue hardship upon the authority or municipality.

Subd. 5. [DISPOSITION OF PAYMENTS.] If the authority or municipality does not have sufficient tax increment or proceeds of bonds to pay the damages imposed by this section, the municipality that approved the district must use any available money to pay the damages, including the proceeds of any property taxes levied for such purposes. Money received by the county auditor under this section must be distributed as excess tax increment in accordance with section 6 [469.1795], subdivision 1, paragraphs (a), clause (7), and (f), except that no distribution may be made to the municipality that approved the district.

Sec. 10. [469.1799] [APPLICABILITY; EFFECTIVE DATES.]

Subdivision 1. [GENERALLY.] Sections 1 [469.179] to 10 [469.1799] apply to a district if the date of certification of the district occurs on or after the effective date of these sections. If the date of certification of a district occurs before the effective date of sections 1 [469.179] to 10 [469.1799], sections 1 [469.179] to 10 [469.1799] will nevertheless apply to a parcel of the district if the parcel was added to the district by the authority after the effective date of these sections.

Subd. 2. [PROVISIONS APPLICABLE TO ALL DISTRICTS.] Notwithstanding subdivision 1, the following provisions of sections 1 [469.179] to 10 [469.1799] apply to all districts, regardless of the dates of certification of such districts:

(1) section 3 [469.1792], subdivision 4, paragraph (c), clause (4);

(2) section 4 [469.1793];

(3) section 6 [469.1795], subdivision 3;

(4) section 8 [469.1797];

(5) section 9 [469.1798]; and

(6) section 10 [469.1799].

In addition, for a district created before the effective date of sections 1 [469.179] to 10 [469.1799], section 2 [469.1791], subdivision 3, applies to the district upon the first amendment to the plan for the district after the effective date of sections 1 [469.179] to 10 [469.1799].

Subd. 3. [ELECTION.] (a) An authority may elect to have sections 1 [469.179] to 10 [469.1799] apply to a district even if the date of certification of the district occurred before the effective date of these sections. An election under this subdivision must be made by resolution of the authority and is not effective until a certified copy of the resolution has been delivered to the county auditor of the county in which the district is located. An election under this subdivision is irrevocable.

(b) If the date of certification of a district occurred before the effective date of sections 1 [469.179] to 10 [469.1799], and the authority elects to have sections 1 [469.179] to 10 [469.1799] apply to the district, then:

(1) a claim for damages may not be commenced under section 9 [469.1798] for any action that occurred before the effective date of sections 1 [469.179] to 10 [469.1799], if the election is made before delivery to the authority of the claim for damages under section 9 [469.1798]; and

(2) for all purposes, the district will be considered created in accordance with applicable law, all tax increment received by the authority prior to the effective date of sections 1 [469.179] to 10 [469.1799] will be considered collected in accordance with applicable law, and all tax increment expended by the authority before the effective date of sections 1 [469.179] to 10 [469.1799] will be considered expended in accordance with applicable law.

Subd. 4. [MANDATORY APPLICATION.] If the date of certification of a district occurred before August 1, 1979, and the development or redevelopment activity within the district is extended beyond the scope of activity set forth in the plan on May 1, 1992, then sections 1 [469.179] to 10 [469.1799] apply to the district after the date that the development or redevelopment activity within the district is extended beyond the scope of activity set forth in the plan on May 1, 1992.

Sec. 11. [REPEALER.]

Minnesota Statutes 1990, section 273.1399, as amended by Laws 1991, chapter 291, article 10, sections 1 and 2, is repealed.

Sec. 12. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall recodify section 469.179 as section 469.1785, and correct any cross-references to the recodified section. If section 469.179 is amended in the 1992 legislative session, the revisor shall codify the amendment in the renumbered section.

Sec. 13. [EFFECTIVE DATE.]

Except as otherwise provided in this act, sections 1 [469.179] to 10 [469.1799] are effective the day following final enactment. Section 6 [469.1795], subdivision 3, paragraph (d), is effective after December 31, 1992, for property and facilities acquired or constructed after December 31, 1992. Section 11 is effective for school year 1992-1993 and for homestead and agricultural credit aid and local government aids payable in 1992, and thereafter for districts created after the effective date of sections 1 [469.179] to 10 [469.1799].

ARTICLE 2

RELATED PROVISIONS

Section 1. Minnesota Statutes 1990, section 8.31, is amended by adding a subdivision to read:

Subd. 4. [CIVIL ACTIONS UNDER SECTION 115B.04.] Upon the request of an authority, as defined in article 1, section 1 [469.179], subdivision 4, the attorney general may bring a civil action under section 115B.04 or other law, or the attorney general may intervene in an action brought by an authority. The attorney general may provide legal and technical advice or other assistance to an authority commencing such a civil action. The attorney general may deduct its administrative costs and litigation expenses from any recovery. The attorney general may accept tax increment from an authority as reimbursement for the administrative costs and litigation expenses of the attorney general. Any recovered administrative expenses or litigation costs must be deposited in the general fund of the state to the account of the attorney general.

Sec. 2. Minnesota Statutes 1990, section 116.07, is amended by adding a subdivision to read:

Subd. 4l. [HAZARDOUS SUBSTANCE DISTRICTS.] The agency shall review and, in its discretion, approve action proposals, as defined in article 1, section 1 [469.179], subdivision 2, with respect to hazardous substance districts, as defined in article 1, section 1 [469.179], subdivision 15. The agency shall render any services requested by the attorney general with respect to actions in a hazardous substance district undertaken by the attorney general under section 8.31, subdivision 4. The agency may accept tax increment from an authority, as defined in article 1, section 1

[469.179], subdivision 4, in reimbursement for expenses incurred by the agency in reviewing and approving plans and in rendering services to the attorney general. Any reimbursements must be deposited in the environmental response, compensation, and compliance account in the environmental fund in the state treasury.

Sec. 3. Minnesota Statutes 1991 Supplement, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM REVENUE.] (a) The revenue authorized by section 124A.22, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased revenue per actual pupil unit, the estimated net tax capacity rate in the first year it is to be levied, and that the revenue shall be used to finance school operations. The ballot may state that existing levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring authority. The ballot shall designate the specific number of years, not to exceed five, for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of ....., School District No. .., be approved?"

If approved, an amount equal to the approved revenue per actual pupil unit times the actual pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed revenue increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer,

as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by

mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

(h) The district may accept from an authority, as defined in article 1, section 1 [469.179], subdivision 4, tax increment attributable to a referendum levy under the terms of article 1, section 6 [469.1795], subdivision 1, paragraphs (a), clause (5), and (d), and the school board may approve such payments under article 1, section 6 [469.1795], subdivision 1, paragraph (d), clause (2).

Sec. 4. Minnesota Statutes 1990, section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.]

The commissioner of revenue shall:

(1) have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state;

(3) direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty;

(4) require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as the commissioner may prescribe;

(6) require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) summon witnesses, at a time and place reasonable under the circumstances, to appear and give testimony, and to produce books, records, papers and documents relating to any tax matter which the commissioner may have authority to investigate or determine. Provided, that any summons which does not identify the person or persons with respect to whose tax liability the summons is issued may be served only if (a) the summons relates to the investigation of a particular person or ascertainable group or class of persons, (b) there is a reasonable basis for believing that such person or group or class of persons may fail or may have failed to comply with any tax law administered by the commissioner, (c) the information sought to be obtained from the examination of the records (and the identity of the person or persons with respect to whose liability the summons is issued) is not readily available from other sources, (d) the summons is clear and specific as to the information sought to be obtained, and (e) the information sought to be obtained is limited solely to the scope of the investigation. Provided further that the party served with a summons which does not identify the person or persons with respect to whose tax liability the summons is issued shall have the right, within 20 days after service of the summons, to petition the district court for the judicial district in which lies the county in which that party is located for a determination as to whether the commissioner of revenue has complied with all the requirements in (a) to (e), and thus, whether the summons is enforceable. If no such petition is made by the party served within the time prescribed, the summons shall have the force and effect of a court order;

(8) cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which the commissioner may have authority to investigate or determine;

(9) investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as the commissioner may deem expedient to prevent evasions of assessment and taxing laws, and secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department of revenue, and furnish the governor, from time to time, such assistance and information as the governor may require relating to tax matters;

(11) transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) administer and enforce the assessment and collection of state taxes and, from time to time, make, publish, and distribute rules for the administration and enforcement of state tax laws. The rules have the force of law;

(14) prepare blank forms for the returns required by state tax law and distribute them throughout the state, furnishing them subject to charge on application;

(15) prescribe rules governing the qualification and practice of agents, attorneys, or other persons representing taxpayers before the commissioner. The rules may require that those persons, agents, and attorneys show that they are of good character and in good repute, have the necessary qualifications to give taxpayers valuable services, and are otherwise competent to advise and assist taxpayers in the presentation of their case before being recognized as representatives of taxpayers. After due notice and opportunity for hearing, the commissioner may suspend and disbar from further practice before the commissioner any person, agent, or attorney who is shown to be incompetent or disreputable, who refuses to comply with the rules, or who with intent to defraud, willfully or knowingly deceives, misleads, or threatens a taxpayer or prospective taxpayer, by words, circular, letter, or by advertisement. This clause does not curtail the rights of individuals to appear in their own behalf or partners or corporations' officers to appear in behalf of their respective partnerships or corporations;

(16) appoint agents as the commissioner considers necessary to make examinations and determinations. The agents have the rights and powers conferred on the commissioner to examine books, records, papers, or memoranda, subpoena witnesses, administer oaths and affirmations, and take testimony. Upon demand of an agent, the clerk or court administrator of any court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, or memoranda before the agent. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter shall be punished by the district court of the district in which the subpoena is issued, or in the case of a subpoena issued by the commissioner, by the district court of the district in which the

party served with the subpoena is located, in the same manner as contempt of the district court;

(17) appoint and employ additional help, purchase supplies or materials, or incur other expenditures in the enforcement of state tax laws as considered necessary. The salaries of all agents and employees provided for in this chapter shall be fixed by the appointing authority, subject to the approval of the commissioner of administration;

(18) execute and administer any agreement with the secretary of the treasury of the United States or a representative of another state regarding the exchange of information and administration of the tax laws;

(19) administer and enforce the provisions of sections 325D.30 to 325D.42, the Minnesota unfair cigarette sales act;

(20) authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority; ~~and~~

(21) receive and retain plans, as defined in article 1, section 1 [469.179], subdivision 26, acknowledge the receipt of plans, and make the plans available to the public;

(22) at the discretion of the commissioner, audit the use of tax increment financing by an authority, as defined in article 1, section 1 [469.179], subdivision 4, or bring suit for equitable relief or for damages arising out of a failure of a municipality, as defined in article 1, section 1 [469.179], subdivision 21, or authority to comply with article 1, sections 1 [469.179] to 10 [469.1799] or related provisions of chapter 469, with respect to any district, as defined in article 1, section 1 [469.179], subdivision 13, in the municipality or authority; and

(23) exercise other powers and perform other duties required of or imposed upon the commissioner of revenue by law."

Delete the title and insert:

"A bill for an act relating to tax increment financing; clarifying, recodifying, and providing tax increment financing procedures and requirements; amending Minnesota Statutes 1990, sections 8.31, by adding a subdivision; 116.07, by adding a subdivision; and 270.06; Minnesota Statutes 1991 Supplement, section 124A.03, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Minnesota Statutes 1990, section 273.1399, as amended."

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 2181, A bill for an act relating to government data practices; referencing provisions codified outside the Minnesota government data practices act; proposing coding for new law in Minnesota Statutes, chapter 13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 13.08, subdivision 1, is amended to read:

Subdivision 1. [ACTION FOR DAMAGES.] Notwithstanding section 466.03, a political subdivision, responsible authority, statewide system, or state agency which violates any provision of this chapter is liable to a person or representative of a decedent who suffers any damage as a result of the violation~~, and~~. The person damaged or a representative in the case of private data on decedents or confidential data on decedents may bring an action against the political subdivision, responsible authority, statewide system or state agency to cover any damages sustained, plus costs and reasonable attorney fees. In the case of a willful violation, the political subdivision, statewide system or state agency shall, in addition, be liable to exemplary damages of not less than $100, nor more than ~~$10,000~~ $5,000 for each violation. The state is deemed to have waived any immunity to a cause of action brought under this chapter.

Sec. 2. Minnesota Statutes 1991 Supplement, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) pursuant to section 13.05;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;

(9) to the Minnesota department of jobs and training for the purpose of monitoring the eligibility of the data subject for unemployment compensation, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential facilities as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person; ~~or~~

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5); or

(14) data collected by the telephone assistance plan may be disclosed to the department of revenue to conduct an electronic data match to the extent necessary to determine eligibility under section 237.70, subdivision 4a.

(b) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 3. Minnesota Statutes 1990, section 13.46, subdivision 7, is amended to read:

Subd. 7. [MENTAL HEALTH CENTER DATA.] (a) Mental health data are private data on individuals and shall not be disclosed, except:

(1) pursuant to section 13.05, as determined by the responsible authority for the community mental health center, mental health division, or provider;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to or disclosure of mental health data; ~~or~~

(4) pursuant to paragraph (b); or

(5) with the consent of the client or patient.

(b) At the request of a family member, the responsible authority of the community mental health center, mental health division, or provider shall ask a patient or client whether the patient or client wishes to authorize one or more family members to receive information about the patient or client's condition. If the patient or client consents, the responsible authority shall inform any authorized family member of the patient or client's condition.

(c) An agency of the welfare system may not require an individual to consent to the release of mental health data as a condition for receiving services or for reimbursing a community mental health center, mental health division of a county, or provider under contract to deliver mental health services.

Sec. 4. [13.99] [OTHER GOVERNMENT DATA PROVISIONS.]

Subdivision 1. [PROVISIONS CODED IN OTHER CHAPTERS.] The laws enumerated in this section are codified outside of chapter 13 and classify government data as other than public or place restrictions on access to government data.

Subd. 2. [DATA PROVIDED TO THE TAX STUDY COMMISSION.] The commissioner of revenue shall provide data to the tax study commission under section 3.861, subdivision 6.

Subd. 3. [LEGISLATIVE AUDIT DATA.] Data relating to an audit performed under section 3.97 are classified under section 3.97, subdivision 11.

Subd. 4. [ETHICAL PRACTICES BOARD INFORMATION.] Disclosure by the ethical practices board of information about a complaint or investigation is governed by section 10A.02, subdivision 11.

Subd. 5. [ETHICAL PRACTICES INVESTIGATION DATA.] The record of certain investigations conducted under chapter 10A is classified, and disposition of certain information is governed, by section 10A.02, subdivision 11a.

Subd. 6. [REGISTER OF OWNERSHIP OF BONDS OR CERTIFICATES.] Information in a register of ownership of state bonds or certificates is classified under section 16A.672, subdivision 11.

Subd. 7. [PESTICIDE DEALER RECORDS.] Records of pesticide dealers inspected or copied by the commissioner of agriculture are classified under section 18B.37, subdivision 5.

Subd. 8. [DAIRY REPORTS TO COMMISSIONER OF AGRICULTURE.] Disclosure of information in reports about dairy production required to be filed with the commissioner of agriculture under section 32.19 is governed by that section.

Subd. 9. [RURAL FINANCE AUTHORITY.] Certain data received or prepared by the rural finance authority are classified pursuant to section 41B.211.

Subd. 10. [COMMERCE DEPARTMENT DATA ON FINANCIAL INSTITUTIONS.] The disclosure by the commissioner of commerce of facts and information obtained in the course of examining financial institutions is governed by section 46.07, subdivision 2.

Subd. 11. [COMMUNITY REINVESTMENT RATING.] The contents and disclosure of the confidential section of the community reinvestment rating prepared by the commissioner of commerce are governed by section 47.84.

Subd. 12. [EXAMINATION OF INSURANCE COMPANIES.] Information obtained by the commissioner of commerce in the course of supervising or examining insurance companies is classified under section 60A.03, subdivision 9. An examination report of a domestic or foreign insurance company prepared by the commissioner is classified pursuant to section 60A.031, subdivision 4.

Subd. 13. [INSURANCE COMPANY INFORMATION.] Data received by the department of commerce under section 60A.93 are classified as provided by that section.

Subd. 14. [PROCEEDINGS AND RECORDS IN SUMMARY PROCEEDINGS AGAINST INSURERS.] Access to proceedings and records of summary proceedings by the commissioner of commerce against insurers and judicial review of such proceedings is governed by section 60B.14, subdivisions 1, 2, and 3.

Subd. 15. [INSURANCE GUARANTY ASSOCIATION.] The commissioner may share data with the board of the Minnesota Insurance Guaranty Association as provided by section 60C.14, subdivision 2.

Subd. 16. [VARIOUS INSURANCE DATA.] Disclosure of information obtained by the commissioner of commerce under section 60D.18, 60D.19, or 60D.20 is governed by section 60D.22.

Subd. 17. [HMO EXAMINATIONS.] Data obtained by the commissioner of health in the course of an examination of the affairs of a health maintenance organization are classified under section 62D.14, subdivisions 1 and 4.

Subd. 18. [AUTO THEFT DATA.] The sharing of data on auto thefts between law enforcement and prosecutors and insurers is governed by section 65B.81.

Subd. 19. [SELF-INSURERS' SECURITY FUND.] Disclosure of certain data received by the self-insurers' security is governed by section 79A.09, subdivision 4.

Subd. 20. [HAZARDOUS WASTE GENERATORS.] Data exchanged between the pollution control agency and the department of revenue under sections 115B.24, and 116.075, subdivision 2, are classified under section 115B.24, subdivision 5.

Subd. 21. [SOLID WASTE FACILITY RECORDS.] Records of solid waste facilities received, inspected, or copied by a county pursuant to section 115A.882 are classified pursuant to section 115A.882, subdivision 3.

Subd. 22. [HAZARDOUS WASTE GENERATORS.] Information provided by hazardous waste generators under section 473.151 and for which confidentiality is claimed is governed by section 116.075, subdivision 2.

Subd. 23. [RESTRICTIONS ON ACCESS TO ARCHIVES RECORDS.] Limitations on access to records transferred to the state archives are provided in section 138.17, subdivision 1c.

Subd. 24. [FOUNDLING REGISTRATION.] The report of the finding of an infant of unknown parentage is classified under section 144.216, subdivision 2.

Subd. 25. [NEW CERTIFICATE OF BIRTH.] In circumstances in which a new certificate of birth may be issued under section 144.218, the original certificate of birth is classified as provided in that section.

Subd. 26. [BIRTH CERTIFICATE OF CHILD OF UNMARRIED PARENTS.] Access to the birth certificate of a child whose parents were not married to each other when the child was conceived or born is governed by sections 144.225, subdivision 2, and 257.73.

Subd. 27. [HUMAN LEUKOCYTE ANTIGEN TYPE REGISTRY.] Data identifying a person and the person's human leukocyte antigen type which is maintained by a government entity are classified under section 144.336, subdivision 1.

Subd. 28. [CERTAIN HEALTH INSPECTIONS.] Disclosure of certain data received by the commissioner of health under sections 144.50 to 144.56 is governed by section 144.58.

Subd. 29. [HECB DATA.] Certain data on applicants for financial assistance from the higher education coordinating board is classified, and its release is governed by section 136A.162.

Subd. 30. [CANCER SURVEILLANCE SYSTEM.] Data on individuals collected by the cancer surveillance system are classified pursuant to section 144.69.

Subd. 31. [MEDICAL MALPRACTICE CLAIMS REPORTS.] Reports of medical malpractice claims submitted by an insurer to the commissioner of health under section 144.693 are classified as provided in section 144.693, subdivision 1.

Subd. 32. [HEALTH TEST RESULTS.] Health test results obtained under chapter 144 are classified under section 144.768.

Subd. 33. [TERMINATED PREGNANCIES.] Disclosure of reports of terminated pregnancies made to the commissioner of health is governed by section 145.413, subdivision 1.

Subd. 34. [REVIEW ORGANIZATION DATA.] Disclosure of data and information acquired by a review organization as defined in section 145.61, subdivision 5, is governed by section 145.64.

Subd. 35. [FAMILY PLANNING GRANTS.] Information gathered under section 145.925 is classified under section 145.925, subdivision 6.

Subd. 36. [PHYSICIAN INVESTIGATION RECORDS.] Patient medical records provided to the board of medical examiners under section 147.131 are classified under that section.

Subd. 37. [RECORD OF PHYSICIAN DISCIPLINARY ACTION.] The administrative record of any disciplinary action taken by the board of medical examiners under sections 147.01 to 147.34 is sealed upon judicial review as provided in section 147.151.

Subd. 38. [CHIROPRACTIC REVIEW RECORDS.] Data of the board of chiropractic examiners and the peer review committee are classified under section 148.106, subdivision 10.

Subd. 39. [DISCIPLINARY ACTION AGAINST NURSES.] Data obtained under section 148.261, subdivision 5, by the board of nursing are classified under that subdivision.

Subd. 40. [MEDICAL RECORDS OBTAINED BY BOARD OF NURSING.] Medical records of a patient cared for by a nurse who is under review by the board of nursing are classified under sections 148.191, subdivision 2, and 148.265.

Subd. 41. [RECORDS OF NURSE DISCIPLINARY ACTION.] The administrative records of any disciplinary action taken by the board of nursing under sections 148.171 to 148.285 are sealed upon judicial review as provided in section 148.266.

Subd. 42. [CLIENT RECORDS OBTAINED BY BOARDS ON MENTAL HEALTH AND SOCIAL WORK.] Client records obtained by a board conducting an investigation under chapter 148B are classified by section 148B.09.

Subd. 43. [RECORDS OF MENTAL HEALTH AND SOCIAL WORK DISCIPLINARY ACTION.] The administrative records of disciplinary action taken by a board under chapter 148B are sealed upon judicial review as provided in section 148B.10.

Subd. 44. [SOCIAL WORK AND MENTAL HEALTH BOARDS.] Certain data obtained by licensing boards under chapter 148B are classified under section 148B.175, subdivisions 2 and 5.

Subd. 45. [RECORDS OF UNLICENSED MENTAL HEALTH PRACTITIONER DISCIPLINARY ACTIONS.] The administrative records of disciplinary action taken by the commissioner of health pursuant to sections 148B.60 to 148B.71 are sealed upon judicial review as provided in section 148B.65.

Subd. 46. [BOARD OF DENTISTRY.] Data obtained by the board of dentistry under section 150A.08, subdivision 6, are classified as provided in that subdivision.

Subd. 47. [ACCIDENT REPORTS.] Release of accident reports provided to the department of public safety under section 169.09 is governed by section 169.09, subdivision 13.

Subd. 48. [NAMES OF REPORTERS TO LABOR AND INDUSTRY.] Disclosure of the names of certain persons supplying information to the department of labor and industry is prohibited by sections 175.24 and 175.27.

Subd. 49. [REPORT OF DEATH OR INJURY TO LABOR AND INDUSTRY.] Access to a report of worker injury or death during the course of employment filed by an employer under section 176.231 is governed by sections 176.231, subdivisions 8 and 9, and 176.234.

Subd. 50. [EMPLOYEE DRUG AND ALCOHOL TEST RESULTS.] Test results and other information acquired in the drug and alcohol testing process, with respect to public sector employees and applicants, are classified by section 181.954, subdivision 2, and access to them is governed by section 181.954, subdivision 3.

Subd. 51. [CERTAIN VETERANS BENEFITS.] Access to files pertaining to claims for certain veterans benefits is governed by section 196.08.

Subd. 52. [MENTAL HEALTH RECORDS.] Disclosure of the names and addresses of persons receiving mental health services is governed by section 245.467, subdivision 6.

Subd. 53. [CHILDREN RECEIVING MENTAL HEALTH SERVICES.] Disclosure of identities of children receiving mental health services under sections 245.487 to 245.4887, and the identities of their families, is governed by section 245.4876, subdivision 7.

Subd. 54. [STATE HOSPITAL PATIENTS.] Contents of, and access to, records of state hospital patients required to be kept by the commissioner of human services are governed by section 246.13.

Subd. 55. [STATE WARDS.] The filming of a state ward is restricted under section 252A.111, subdivision 6.

Subd. 56. [PREPETITION SCREENING.] Prepetition screening investigations for judicial commitments are classified as private under section 253B.07, subdivision 1, paragraph (b).

Subd. 57. [SUBJECT OF RESEARCH; RECIPIENTS OF ALCOHOL OR DRUG ABUSE TREATMENT.] Access to records of individuals who are the subject of research or who receive information, assessment, or treatment concerning alcohol or drug abuse is governed by section 254A.09.

Subd. 58. [RECORDS OF ARTIFICIAL INSEMINATION.] Access to records held by a court or other agency concerning artificial insemination performed on a married woman with her husband's consent is governed by section 257.56, subdivision 1.

Subd. 59. [PARENTAGE ACTION RECORDS.] Inspection of records in parentage actions held by the court, the commissioner of human services, or elsewhere is governed by section 257.70.

Subd. 60. [COMMISSIONER'S RECORDS OF ADOPTION.] Records of adoption held by the commissioner of human services are classified, and access to them is governed by section 259.46, subdivisions 1 and 3.

Subd. 61. [ADOPTEE'S ORIGINAL BIRTH CERTIFICATE.] Access to the original birth certificate of a person who has been adopted is governed by section 259.49.

Subd. 62. [PEACE OFFICERS AND CORRECTIONS RECORDS OF JUVENILES.] Inspection and maintenance of juvenile records held by peace officers and the commissioner of corrections are governed by section 260.161, subdivision 3.

Subd. 63. [JOBS AND TRAINING DATA.] Data gathered by the department of jobs and training in the administration of section 268.03 to 268.231 is classified by section 268.12, subdivision 12.

Subd. 64. [TRANSITIONAL HOUSING DATA.] Certain data collected, used, or maintained by the recipient of a grant to provide transitional housing are classified under section 268.38, subdivision 9.

Subd. 65. [VOCATIONAL REHABILITATION DATA.] Disclosure of data obtained by the commissioner of jobs and training regarding the vocational rehabilitation of a injured or disabled employee is governed by section 268A.05.

Subd. 66. [TAX DATA; CLASSIFICATION AND DISCLOSURE.] Classification and disclosure of tax data created, collected, or maintained by the department of revenue under chapters 290, 290A, 291, and 297A are governed by chapter 270B.

Subd. 67. [MOTOR VEHICLE REGISTRARS.] Disclosure of certain information obtained by motor vehicle registrars is governed by section 297B.12.

Subd. 68. [MARIJUANA AND CONTROLLED SUBSTANCE TAX INFORMATION.] Disclosure of information obtained under chapter 297D is governed by section 297D.13, subdivisions 1 to 3.

Subd. 69. [MINERAL RIGHTS FILINGS.] Data filed pursuant to section 298.48 with the commissioner of revenue by owners or lessees of mineral rights are classified under section 298.48, subdivision 4.

Subd. 70. [UNDERCOVER BUY FUND.] Records relating to applications for grants under section 299C.065 are classified under section 299C.065, subdivision 4.

Subd. 71. [HUMAN RIGHTS CONCILIATION EFFORTS.] Disclosure of information concerning efforts in a particular case to resolve a charge through education conference, conciliation, and persuasion is governed by section 363.06, subdivision 6.

Subd. 72. [HUMAN RIGHTS DEPARTMENT INVESTIGATIVE DATA.] Access to human rights department investigative data by persons other than department employees is governed by section 363.061.

Subd. 73. [RECORDS OF CLOSED COUNTY BOARD MEETINGS.] Records of Hennepin county board meetings permitted to be closed under section 383B.217, subdivision 7, are classified under that subdivision.

Subd. 74. [INQUEST DATA.] Certain data collected or created in the course of a coroner's or medical examiner's inquest are classified under sections 390.11, subdivision 7, and 390.32, subdivision 6.

Subd. 75. [RURAL DEVELOPMENT FINANCING AUTHORITY.] Treatment of preliminary information provided by the commissioner of trade and economic development to an authority contemplating the exercise of powers under sections 469.142 to 469.151 is governed by section 469.150.

Subd. 76. [MUNICIPAL SELF-INSURER CLAIMS.] Disclosure of information about individual claims filed by the employees of a municipality which is a self-insurer is governed by section 471.617, subdivision 5.

Subd. 77. [METROPOLITAN SOLID WASTE LANDFILL FEE.] Information obtained from the operator of a mixed municipal solid waste disposal facility under section 473.843 is classified under section 473.843, subdivision 4.

Subd. 78. [MUNICIPAL OBLIGATION REGISTER DATA.] Information contained in a register with respect to the ownership of certain municipal obligations is classified under section 475.55, subdivision 6.

Subd. 79. [CHILD CUSTODY PROCEEDINGS.] Court records of

child custody proceedings may be sealed as provided in section 518.168.

Subd. 80. [SOURCES OF PRESENTENCE INVESTIGATION REPORTS.] Disclosure of confidential sources in presentence investigation reports is governed by section 609.115, subdivision 4.

Subd. 81. [USE OF MOTOR VEHICLE TO PATRONIZE PROSTITUTES.] Use of a motor vehicle in the commission of an offense under section 609.324 is noted on the offender's driving record and the notation is classified pursuant to section 609.324, subdivision 5.

Subd. 82. [FINANCIAL DISCLOSURE FOR PUBLIC DEFENDER SERVICES.] Disclosure of financial information provided by a defendant seeking public defender services is governed by section 611.17.

Subd. 83. [CRIME VICTIM CLAIMS FOR REPARATIONS.] Claims and supporting documents filed by crime victims seeking reparations are classified under section 611A.57, subdivision 6.

Subd. 84. [REPORTS OF GUNSHOT WOUNDS.] Disclosure of the name of a person making a report under section 626.52, subdivision 2, is governed by section 626.53.

Subd. 85. [CHILD ABUSE REPORT RECORDS.] Data contained in child abuse report records are classified under section 626.556, subdivisions 11 and 11b.

Subd. 86. [VULNERABLE ADULT REPORT RECORDS.] Data contained in vulnerable adult report records are classified under section 626.557, subdivision 12.

Subd. 87. [PEACE OFFICER DISCIPLINE PROCEDURES.] Access by an officer under investigation to the investigating agency's investigative report on the officer is governed by section 626.89, subdivision 6.

Sec. 5. [13C.01] [ACCESS TO CONSUMER REPORTS PREPARED BY CONSUMER REPORTING AGENCIES.]

Subdivision 1. [FEE FOR REPORT.] Every consumer who is the subject of a credit report maintained by a credit reporting agency shall be entitled to request and receive by mail for a charge of $8 a copy of that credit report once in any 12-month period. The mailing shall contain a statement of the consumer's right to dispute and correct any errors and of the procedures set forth in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 et. seq., for that purpose. The credit reporting agency shall have 30 days to respond to a request under this subdivision.

A consumer who exercises the right to dispute and correct errors is entitled, after doing so, to request and receive by mail, without charge, a copy of the credit report in order to confirm that the credit report was corrected.

For purposes of this section, the terms "consumer," "credit report," and "credit reporting agency" have the meanings given them in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 et. seq.

Subd. 2. [ENFORCEMENT.] This section shall be enforced by the attorney general pursuant to section 8.31.

Sec. 6. Minnesota Statutes 1991 Supplement, section 144.0525, is amended to read:

144.0525 [DATA FROM LABOR AND INDUSTRY AND JOBS AND TRAINING; EPIDEMIOLOGIC STUDIES.]

All data collected by the commissioner of health under sections 176.234 ~~and~~, 268.12, and 270B.14, subdivision 11, shall be used only for the purposes of epidemiologic investigations, notification of persons exposed to health hazards as a result of employment, and surveillance of occupational health and safety.

Sec. 7. Minnesota Statutes 1991 Supplement, section 144.335, subdivision 1, is amended to read:

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

(a) "Patient" means a natural person who has received health care services from a provider for treatment or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, or a person the patient designates in writing as a representative. Except for minors who have received health care services pursuant to sections 144.341 to 144.347, in the case of a minor, patient includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(b) "Provider" means (1) any person who furnishes health care services and is licensed to furnish the services pursuant to chapter 147, 148, 148B, 150A, 151, or 153; (2) a home care provider licensed under section 144A.46; (3) a health care facility licensed pursuant to this chapter or chapter 144A; and (4) an unlicensed mental health practitioner regulated pursuant to sections 148B.60 to 148B.71.

(c) "Individually identifiable form" means a form in which the patient is or can be identified as the subject of the health records.

Sec. 8. Minnesota Statutes 1991 Supplement, section 144.335, subdivision 3a, is amended to read:

Subd. 3a. [PATIENT CONSENT TO RELEASE OF RECORDS; LIABILITY.] (a) A provider, or a person who receives health records from a provider, may not release a patient's health records to a person without a signed and dated consent from the patient or the patient's legally authorized representative authorizing the release, unless the release is specifically authorized by law. Except as provided in paragraph (c), a consent is valid for one year or for a lesser period specified in the consent or for a different period provided by law.

(b) This subdivision does not prohibit the release of health records for a medical emergency when the provider is unable to obtain the patient's consent due to the patient's condition or the nature of the medical emergency.

(c) Notwithstanding paragraph (a), where a patient explicitly gives informed consent to the release of health records for the purposes and pursuant to the restrictions in clauses (1), (2), and (3), the consent does not expire after one year for:

(1) the release of health records to a provider who is being advised or consulted with in connection with the current treatment of the patient;

(2) the release of health records to an accident and health insurer, health service plan corporation, health maintenance organization, or third-party administrator for purposes of payment of claims, fraud investigation, or quality of care review and studies, provided that:

(i) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited; and

(ii) the recipient establishes adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient; and

(3) the release of health records to qualified personnel solely for purposes of medical or scientific research, provided that the provider who releases the records obtains the written commitment from qualified personnel that:

(i) the use or disclosure does not violate any limitations under which the record was collected and the patient has not objected to a release for research purposes;

(ii) the use or disclosure in individually identifiable form is necessary to accomplish the research or statistical purpose for which the use or disclosure is to be made;

(iii) the recipient establish and maintain adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient; and

(iv) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited.

(d) A person who negligently or intentionally releases a health record in violation of this subdivision, or who forges a signature on a consent form, or who obtains under false pretenses the consent form or health records of another person, or who, without the person's consent, alters a consent form, is liable to the patient for compensatory damages caused by an unauthorized release, plus costs and reasonable attorney's fees.

~~(d) A patient's consent to the release of data on the date and type of immunizations administered to the patient is effective until the patient directs otherwise, if the consent was executed before August 1, 1991.~~

Sec. 9. Minnesota Statutes 1990, section 144.335, is amended by adding a subdivision to read:

Subd. 5. [COSTS.] When a provider makes copies of patient records upon a patient's request under this section, the provider may charge the patient no more than 75 cents per page, plus $10 for time spent retrieving and copying the records. This limitation does not apply to X-rays. The provider may charge a patient no more than the actual cost of reproducing X-rays, plus no more than $10 for the time spent retrieving and copying the X-rays.

The respective maximum charges of 75 cents per page and $10 for time provided in this subdivision are in effect for calendar year 1992 and may be adjusted annually each calendar year as provided in this subdivision. The permissible maximum charges shall change each year by an amount that reflects the change, as compared to the previous year, in the consumer price index for all urban consumers, Minneapolis-St. Paul (CPI-U), published by the department of labor.

Sec. 10. Minnesota Statutes 1990, section 144.335, is amended by adding a subdivision to read:

Subd. 6. [VIOLATION.] A violation of this section is grounds for

disciplinary action against a provider by the appropriate licensing board or agency.

Sec. 11. [144.3351] [IMMUNIZATION DATA.]

Providers as defined in section 144.335, subdivision 1, elementary or secondary schools or child care facilities as defined in section 123.70, subdivision 9, public or private post-secondary educational institutions as defined in section 135A.14, subdivision 1, paragraph (b), a board of health as defined in section 145A.02, subdivision 2, community action agencies as defined in section 268.53, subdivision 1, and the commissioner of health may exchange data with one another on the date and type of immunizations administered to a patient, regardless of the date of immunization, without the patient's consent, if the person requesting access provides services on behalf of the patient.

Sec. 12. Minnesota Statutes 1990, section 147.161, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO HOSPITAL RECORDS.] The board shall have access to hospital and medical records of a patient treated by the physician under review ~~if the patient signs a written consent permitting such access. If no consent form has been signed, the hospital or physician shall first delete data in the record which identifies the patient before providing it to~~ by the board. The hospital shall respond fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and shall provide complete copies of patient medical records, as reasonably requested by the board, to assist the board in its investigation. The board shall pay for copies requested. The board shall maintain any records obtained pursuant to this section as investigative data pursuant to section 13.39.

Sec. 13. Minnesota Statutes 1990, section 152.18, subdivision 1, is amended to read:

Subdivision 1. If any person is found guilty of a violation of section 152.024, 152.025, or 152.027 for possession of a controlled substance, after trial or upon a plea of guilty, the court may, without entering a judgment of guilty and with the consent of ~~such~~ the person, defer further proceedings and place the person on probation upon such reasonable conditions as it may require and for a period, not to exceed the maximum term of imprisonment provided for ~~such~~ the violation. The court may give the person the opportunity to attend and participate in an appropriate program of education regarding the nature and effects of alcohol and drug abuse as a stipulation of probation. Upon violation of a condition of the probation, the court may enter an adjudication of guilt and proceed as otherwise provided. The court may, in its discretion, dismiss the proceedings against ~~such~~ the person and discharge the person from probation

before the expiration of the maximum period prescribed for ~~such~~ the person's probation. If during the period of probation ~~such~~ the person does not violate any of the conditions of the probation, then upon expiration of ~~such~~ the period the court shall discharge ~~such~~ the person and dismiss the proceedings against that person. Discharge and dismissal ~~hereunder~~ under this subdivision shall be without court adjudication of guilt, but a nonpublic record ~~thereof~~ of it shall be retained by the department of public safety ~~solely~~ for the purpose of use by the courts in determining the merits of subsequent proceedings against ~~such~~ the person. The nonpublic record may also be opened only upon court order for purposes of a criminal investigation, prosecution, or sentencing. Upon request by law enforcement, prosecution, or corrections authorities, the department shall notify the requesting party of the existence of the nonpublic record and the right to seek a court order to open it pursuant to this section. The court shall forward a record of any discharge and dismissal ~~hereunder~~ under this subdivision to the department of public safety who shall make and maintain the nonpublic record ~~thereof~~ of it as ~~hereinbefore~~ provided under this subdivision. ~~Such~~ The discharge or dismissal shall not be deemed a conviction for purposes of disqualifications or disabilities imposed by law upon conviction of a crime or for any other purpose.

Sec. 14. Minnesota Statutes 1990, section 242.31, is amended to read:

242.31 [RESTORATION OF CIVIL RIGHTS.]

Subdivision 1. Whenever a person who has been committed to the custody of the commissioner of corrections upon conviction of a crime following reference for prosecution under the provisions of section 260.125 is finally discharged by order of the commissioner, that discharge shall restore the person to all civil rights and, if so ordered by the commissioner of corrections, also shall have the effect of setting aside the conviction, nullifying ~~the same~~ it and ~~of~~ purging ~~that~~ the person ~~thereof~~ of it. The commissioner shall file a copy of the order with the district court of the county in which the conviction occurred; upon receipt, the court shall order the conviction set aside.

Subd. 2. Whenever a person described in subdivision 1 has been placed on probation by the court pursuant to section 609.135 and, after satisfactory fulfillment ~~thereof~~ of it, is discharged from probation, the court shall issue an order of discharge pursuant to section 609.165. On application of the defendant or on its own motion and after notice to the county attorney, the court in its discretion may also order that the defendant's conviction be set aside with the same effect as ~~such~~ ~~an~~ a court order under subdivision 1.

These orders restore the defendant to civil rights and purge and free the defendant from all penalties and disabilities arising from the defendant's conviction and ~~it~~ the conviction shall not thereafter

be used against the defendant, except in a criminal prosecution for a subsequent offense if otherwise admissible therein. In addition, the record of the defendant's conviction shall be sealed and may be opened only upon court order for purposes of a criminal investigation, prosecution, or sentencing. Upon request by law enforcement, prosecution, or corrections authorities, the court or the department of public safety shall notify the requesting party of the existence of the sealed record and the right to seek a court order to open it pursuant to this section.

Subd. 3. The commissioner of corrections shall file a copy of the order with the district court of the county in which the conviction occurred; upon receipt, the court shall order the conviction set aside and all records pertinent to the conviction sealed. These records shall only be reopened in the case of a judicial criminal proceeding instituted at a later date or upon court order, for purposes of a criminal investigation, prosecution, or sentencing, in the manner provided in subdivision 2.

The term "records" includes, but is not limited to, all matters, files, documents and papers incident to the arrest, indictment, information, complaint, trial, appeal, dismissal and discharge, which relate to the conviction for which the order was issued.

Sec. 15. Minnesota Statutes 1990, section 270B.14, is amended by adding a subdivision to read:

Subd. 11. [DISCLOSURE TO COMMISSIONER OF HEALTH.] (a) On the request of the commissioner of health, the commissioner may disclose return information to the extent provided in paragraph (b) and for the purposes provided in paragraph (c).

(b) Data that may be disclosed are limited to the taxpayer's identity, as defined in section 270B.01, subdivision 5.

(c) The commissioner of health may request data only for the purposes of carrying out epidemiologic investigations, which includes conducting occupational health and safety surveillance, and locating and notifying individuals exposed to health hazards as a result of employment. Requests for data by the commissioner of health must be in writing and state the purpose of the request. Data received may be used only for the purposes of section 144.0525.

Sec. 16. Minnesota Statutes 1990, section 299C.11, is amended to read:

299C.11 [PRINTS, FURNISHED TO BUREAU BY SHERIFFS AND CHIEFS OF POLICE.]

The sheriff of each county and the chief of police of each city of the

first, second, and third classes shall furnish the bureau, upon such form as the superintendent shall prescribe, with such finger and thumb prints, photographs, and other identification data as may be requested or required by the superintendent of the bureau, which may be taken under the provisions of section 299C.10, of persons who shall be convicted of a felony, gross misdemeanor, or who shall be found to have been convicted of a felony or gross misdemeanor, within ten years next preceding their arrest. Upon the determination of all pending criminal actions or proceedings in favor of the arrested person, the arrested person shall, upon demand, have all such finger and thumb prints, photographs, and other identification data, and all copies and duplicates thereof, returned, provided it is not established that the arrested person has been convicted of any felony, either within or without the state, within the period of ten years immediately preceding such determination.

For purposes of this section, "determination of all pending criminal actions or proceedings in favor of the arrested person" does not include the sealing of a criminal record pursuant to sections 152.18, subdivision 1, 242.31, or 609.168.

Sec. 17. Minnesota Statutes 1990, section 299C.13, is amended to read:

299C.13 [INFORMATION AS TO CRIMINALS TO BE FURNISHED BY BUREAU TO PEACE OFFICERS.]

Upon receipt of information data as to any arrested person, the bureau shall immediately ascertain whether the person arrested has a criminal record or is a fugitive from justice, and shall at once inform the arresting officer of the facts ascertained. Upon application by any sheriff, chief of police, or other peace officer in the state, or by an officer of the United States or by an officer of another state, territory, or government duly authorized to receive the same and effecting reciprocal interchange of similar information with the division, it shall be the duty of the bureau to furnish all information in its possession pertaining to the identification of any person. If the bureau has a sealed record on the arrested person, it shall notify the requesting peace officer of that fact and of the right to seek a court order to open the record for purposes of law enforcement.

Sec. 18. [299C.60] [CITATION.]

Sections 18 to 23 may be cited as the "Minnesota child protection background check act."

Sec. 19. [299C.61] [DEFINITIONS.]

Subdivision 1. [TERMS.] The definitions in this section apply to sections 18 to 23.

Subd. 2. [BACKGROUND CHECK CRIME.] "Background check crime" includes child abuse crimes, murder, manslaughter, felony level assault or any assault crime committed against a minor, kidnapping, criminal sexual conduct, and prostitution-related crimes.

Subd. 3. [BUREAU.] "Bureau" means the bureau of criminal apprehension.

Subd. 4. [CHILD.] "Child" means an individual under the age of 18.

Subd. 5. [CHILD ABUSE CRIME.] "Child abuse crime" means:

(1) a violation of sections 152.021, subdivision 1, clause (4); 152.022, subdivision 1, clauses (5) and (6); 152.023, subdivision 1, clauses (3) and (4), or 2, clauses (5) and (7); or 152.024, subdivision 1, clause (2), (3), or (4); or

(2) an act committed against a minor victim that constitutes a violation of section 609.185, clause (5); 609.221; 609.222; 609.223; 609.224; 609.322; 609.323; 609.324; 609.342; 609.343; 609.344; 609.345; 609.352; 609.377; or 609.378.

Subd. 6. [CHILD CARE.] "Child care" means the provision of care, treatment, education, training, instruction, or recreation to children.

Subd. 7. [CJIS.] "CJIS" means the Minnesota criminal justice information system.

Subd. 8. [PROVIDER.] "Provider" means a person who has, may have, or seeks to have access to a child to whom the qualified entity provides child care, and who:

(1) is employed by, volunteers with, or seeks to be employed by or volunteer with a qualified entity; or

(2) owns, operates, or seeks to own or operate a qualified entity.

Subd. 9. [QUALIFIED ENTITY.] "Qualified entity" means a business or organization, whether public, private, for profit, nonprofit, or voluntary, that provides child care, including a business or organization that licenses or certifies others to provide child care.

Sec. 20. [299C.62] [BACKGROUND CHECKS.]

Subdivision 1. [GENERALLY.] The bureau shall develop procedures to enable a qualified entity to request a background check to determine whether a provider is the subject of any reported convic-

tion for a background check crime. Any fee for a background check must be paid by the qualified entity requesting it. The bureau shall perform the background check by retrieving and reviewing data on background check crimes maintained in the CJIS computer. The bureau is authorized to exchange fingerprints with the Federal Bureau of Investigation for the purpose of conducting criminal background checks at the national level.

Subd. 2. [BACKGROUND CHECKS; REQUIREMENTS.] The bureau may not perform a background check under this section unless the qualified entity submits a written document, signed by the provider on whom the background check is to be performed, containing the following:

(1) a question asking whether the provider has ever been convicted of a background check crime and if so, requiring a description of the crime and the particulars of the conviction;

(2) a notification to the provider that the qualified entity will request the bureau to perform a background check under this section; and

(3) a notification to the provider of the provider's rights under subdivision 3.

Background checks performed under this section may only be requested by and provided to authorized representatives of a qualified entity who have a need to know the information and may be used only for the purposes of sections 18 to 23.

Subd. 3. [PROVIDER RIGHTS.] A provider who is the subject of a background check request has the following rights:

(1) the right to be informed that a qualified entity will request a background check on the provider:

(i) for purposes of the provider's application to be employed by, volunteer with, or be an owner of a qualified entity or for purposes of continuing as an employee, volunteer, or owner; and

(ii) to determine whether the provider has been convicted of any crime specified in section 19, subdivision 2 or 5;

(2) the right to be orally informed by the qualified entity of the bureau's response to the background check and to obtain from the qualified entity a copy of the background check report;

(3) the right to obtain from the bureau any record that forms the basis for the report, at the standard fee for obtaining records from the bureau;

(4) the right to challenge the accuracy and completeness of any information contained in the report or record pursuant to section 13.04, subdivision 4; and

(5) the right to be informed by the qualified entity if the provider's application to be employed with, volunteer with, or be an owner of a qualified entity, or to continue as an employee, volunteer, or owner, has been denied because of the bureau's response.

Subd. 4. [RESPONSE OF BUREAU.] The bureau shall respond to a background check request within a reasonable time after receiving the signed, written document described in subdivision 2. The bureau's response shall be limited to a statement that the document is or is not complete and accurate.

Subd. 5. [ADVERSE ACTION BY AN ENTITY.] No qualified entity may take action adverse to a provider on the basis of a background check under this section until the provider has obtained a determination of the validity of any challenge made under subdivision 3 or has waived the right to make a challenge.

Subd. 6. [ADMISSIBILITY OF EVIDENCE.] Evidence or proof that a background check of a volunteer under sections 18 to 23 was not requested by a qualified entity is not admissible in evidence in any litigation against a nonprofit or charitable organization involving personal injuries.

Sec. 21. [299C.63] [EXCEPTION; OTHER LAWS.]

The bureau is not required to respond to a background check request concerning a provider who, as a condition of occupational licensure or employment, is subject to the background study requirements imposed by any statute or rule other than sections 18 to 23. A background check performed on a licensee, license applicant, or employment applicant under this section does not satisfy the requirements of any statute or rule, other than sections 18 to 23, that provide for background study of members of an individual's particular occupation.

Sec. 22. [299C.64] [BCA IMMUNITY.]

The bureau is immune from any civil or criminal liability that might otherwise arise under sections 18 to 23, based on the accuracy or completeness of its records or any records it receives from the Federal Bureau of Investigation.

Sec. 23. [299C.65] [RULEMAKING AUTHORIZED.]

The bureau may adopt rules and procedures necessary to implement sections 18 to 23.

Sec. 24. [357.315] [COST OF EXHIBITS AND MEDICAL RECORDS.]

The cost of exhibits or of obtaining medical records used to prepare a claim shall be allowed in the taxation of costs.

Sec. 25. Minnesota Statutes 1990, section 363.03, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENT.] Except when based on a bona fide occupational qualification, it is an unfair employment practice:

(1) For a labor organization, because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age,

(a) to deny full and equal membership rights to a person seeking membership or to a member;

(b) to expel a member from membership;

(c) to discriminate against a person seeking membership or a member with respect to hiring, apprenticeship, tenure, compensation, terms, upgrading, conditions, facilities, or privileges of employment; or

(d) to fail to classify properly, or refer for employment or otherwise to discriminate against a person or member.

(2) For an employer, because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, membership or activity in a local commission, disability, or age,

(a) to refuse to hire or to maintain a system of employment which unreasonably excludes a person seeking employment; or

(b) to discharge an employee; or

(c) to discriminate against a person with respect to hiring, tenure, compensation, terms, upgrading, conditions, facilities, or privileges of employment.

(3) For an employment agency, because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age,

(a) to refuse or fail to accept, register, classify properly, or refer for employment or otherwise to discriminate against a person; or

(b) to comply with a request from an employer for referral of applicants for employment if the request indicates directly or indirectly that the employer fails to comply with the provisions of this chapter.

(4) For an employer, employment agency, or labor organization, before a person is employed by an employer or admitted to membership in a labor organization, to

(a) require or request the person to furnish information that pertains to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age; or, subject to section 363.02, subdivision 1, to require or request a person to undergo physical examination; unless for the sole and exclusive purpose of national security, information pertaining to national origin is required by the United States, this state or a political subdivision or agency of the United States or this state, or for the sole and exclusive purpose of compliance with the public contracts act or any rule, regulation, or laws of the United States or of this state requiring the information or examination. A law enforcement agency may, after notifying an applicant for a peace officer or part-time peace officer position that the law enforcement agency is commencing the background investigation on the applicant, request the applicant's date of birth, gender, and race on a separate form for the sole and exclusive purpose of conducting a criminal history check, a driver's license check, and fingerprint criminal history inquiry. The form shall include a statement indicating why the data is being collected and what its limited use will be. No document which has date of birth, gender, or race information will be included in the information given to or available to any person who is involved in selecting the person or persons employed other than the background investigator. No person may act both as background investigator and be involved in the selection of an employee except that the background investigator's report about background may be used in that selection as long as no direct or indirect references are made to the applicant's race, age, or gender; or

(b) seek and obtain for purposes of making a job decision, information from any source that pertains to the person's race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age, unless for the sole and exclusive purpose of compliance with the public contracts act or any rule, regulation, or laws of the United States or of this state requiring the information; or

(c) cause to be printed or published a notice or advertisement that relates to employment or membership and discloses a preference, limitation, specification, or discrimination based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age.

Any individual who is required to provide information that is prohibited by this subdivision is an aggrieved party under section 363.06.

(5) For an employer, an employment agency, or a labor organization, with respect to all employment related purposes, including receipt of benefits under fringe benefit programs, not to treat women affected by pregnancy, childbirth, or disabilities related to pregnancy or childbirth, the same as other persons who are not so affected but who are similar in their ability or inability to work, including a duty to make reasonable accommodations as provided by paragraph (6).

(6) For an employer with 50 or more permanent, full-time employees, an employment agency, or a labor organization, not to make reasonable accommodation to the known disability of a qualified disabled person or job applicant unless the employer, agency, or organization can demonstrate that the accommodation would impose an undue hardship on the business, agency, or organization. "Reasonable accommodation" means steps which must be taken to accommodate the known physical or mental limitations of a qualified disabled person. "Reasonable accommodation" may include but is not limited to, nor does it necessarily require: (a) making facilities readily accessible to and usable by disabled persons; and (b) job restructuring, modified work schedules, acquisition or modification of equipment or devices, and the provision of aides on a temporary or periodic basis.

In determining whether an accommodation would impose an undue hardship on the operation of a business or organization, factors to be considered include:

(a) the overall size of the business or organization with respect to number of employees or members and the number and type of facilities;

(b) the type of the operation, including the composition and structure of the work force, and the number of employees at the location where the employment would occur;

(c) the nature and cost of the needed accommodation;

(d) the reasonable ability to finance the accommodation at each site of business; and

(e) documented good faith efforts to explore less restrictive or less expensive alternatives, including consultation with the disabled person or with knowledgeable disabled persons or organizations.

A prospective employer need not pay for an accommodation for a

job applicant if it is available from an alternative source without cost to the employer or applicant.

(7) For an employer to refuse to hire a person or discharge or otherwise disqualify a person from employment on the basis of the person's prior criminal conviction, if the person has since been granted a pardon or a pardon extraordinary for that conviction by the board of pardons, unless the conviction directly relates to the employment position. In determining whether a crime directly relates to the employment position, the employer may consider:

(a) the nature and seriousness of the crime for which the person was convicted and pardoned; and

(b) the relationship of the crime to the ability, capacity, and fitness required to perform the duties and discharge the responsibilities of the employment position.

Sec. 26. Minnesota Statutes 1990, section 388.23, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county attorney, or any deputy or assistant county attorney whom the county attorney authorizes in writing, has the authority ~~in that county~~ to subpoena and require the production of any records of telephone companies, cellular phone companies, paging companies, electric companies, gas companies, water utilities, chemical suppliers, hotels and motels, airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, warehousing companies, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery, and records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation.

Sec. 27. Minnesota Statutes 1990, section 609.168, is amended to read:

609.168 [EFFECT OF ORDER.]

Except as otherwise provided in this section, where an order is entered by the court setting aside the conviction the person shall be deemed not to have been previously convicted. An order setting aside a conviction for a crime of violence, as defined in section 624.712, subdivision 5, must provide that the person is not entitled to ship, transport, possess, or receive a firearm until ten years have elapsed since the order was entered and during that time the person was not convicted of any other crime of violence. Any person who has received an order setting aside a conviction and who thereafter has

received a relief of disability under United States Code, title 18, section 925, shall not be subject to the restrictions of this subdivision.

The record of a conviction set aside under this section shall not be destroyed, but shall be sealed and may be opened only upon court order for purposes of a criminal investigation, prosecution, or sentencing.

Sec. 28. Minnesota Statutes 1991 Supplement, section 609.535, subdivision 6, is amended to read:

Subd. 6. [RELEASE OF ACCOUNT INFORMATION TO LAW ENFORCEMENT AUTHORITIES.] A drawee shall release the information specified below to any state, county, or local law enforcement or prosecuting authority which certifies in writing that it is investigating or prosecuting a complaint against the drawer under this section or section 609.52, subdivision 2, clause (3)(a), and that 15 days have elapsed since the mailing of the notice of dishonor required by subdivisions 3 and 8. This subdivision applies to the following information relating to the drawer's account:

(1) Documents relating to the opening of the account by the drawer and to the closing of the account;

(2) Notices regarding nonsufficient funds, overdrafts, and the dishonor of any check drawn on the account within a period of six months of the date of request;

(3) Periodic statements mailed to the drawer by the drawee for the periods immediately prior to, during, and subsequent to the issuance of any check which is the subject of the investigation or prosecution; or

(4) The last known home and business addresses and telephone numbers of the drawer.

The drawee shall release all of the information described in clauses (1) to (4) that it possesses within ten days after receipt of a request conforming to all of the provisions of this subdivision. The drawee may not impose a fee for furnishing this information to law enforcement or prosecuting authorities.

A drawee is not liable in a criminal or civil proceeding for releasing information in accordance with this subdivision.

Sec. 29. Minnesota Statutes 1990, section 626.14, is amended to read:

626.14 [TIME OF SERVICE.]

A search warrant may be served only ~~in the daytime~~ between the hours of 7:00 a.m. and 10:00 p.m. unless the court determines on the basis of facts stated in the affidavits that a nighttime search outside those hours is necessary to prevent the loss, destruction, or removal of the objects of the search or to protect the searchers or the public. The search warrant shall state that it may be served only ~~in the daytime~~ between the hours of 7:00 a.m. and 10:00 p.m. unless a nighttime search outside those hours is authorized.

Sec. 30. Minnesota Statutes 1990, section 638.02, subdivision 2, is amended to read:

Subd. 2. Any person, convicted of a crime in any court of this state, who has served the sentence imposed by the court and has been discharged of the sentence either by order of court or by operation of law, may petition the board of pardons for the granting of a pardon extraordinary. Unless the board of pardons expressly provides otherwise in writing by unanimous vote, the application for a pardon extraordinary may not be filed until the applicable time period in clause (1) or (2) has elapsed:

(1) if the person was convicted of a crime of violence as defined in section 624.712, subdivision 5, ten years must have elapsed since the sentence was discharged and during that time the person must not have been convicted of any other crime; and

(2) if the person was convicted of any crime not included within the definition of crime of violence as specified in clause (1), five years must have elapsed since the sentence was discharged and during that time the person must not have been convicted of any other crime.

If the board of pardons ~~shall determine~~ determines that ~~such~~ the person ~~has been convicted of no criminal acts other than the act upon which such conviction was founded and~~ is of good character and reputation, the board may, in its discretion, grant ~~to such~~ the person a pardon extraordinary. ~~Such~~ The pardon extraordinary, when granted, ~~shall have~~ has the effect of ~~restoring such person to all civil rights, and shall have the effect of~~ setting aside and nullifying the conviction ~~and nullifying the same~~ and of purging ~~such~~ the person ~~thereof~~ of it, and ~~such~~ the person shall never ~~thereafter~~ after that be required to disclose the conviction at any time or place other than in a judicial proceeding thereafter instituted.

The application for ~~such~~ a pardon extraordinary ~~and~~, the proceedings ~~thereunder~~ to review an application, and the notice ~~thereof shall be~~ requirements are governed by the statutes and the rules of the board in respect to other proceedings before the board ~~and~~. The application shall contain ~~such~~ any further information ~~as~~ that the board may require.

Unless the board of pardons expressly provides otherwise in writing by unanimous vote, if the person was convicted of a crime of violence, as defined in section 624.712, subdivision 5, the pardon extraordinary must expressly provide that the pardon does not entitle the person to ship, transport, possess, or receive a firearm until ten years have elapsed since the sentence was discharged and during that time the person was not convicted of any other crime of violence.

Sec. 31. Minnesota Statutes 1991 Supplement, section 638.02, subdivision 3, is amended to read:

Subd. 3. Upon granting a pardon extraordinary the board of pardons shall file a copy ~~thereof~~ of it with the district court of the county in which the conviction occurred, and the court shall order the conviction set aside and include a copy of the pardon in the court file. The court shall send a copy of its order and the pardon to the bureau of criminal apprehension.

Sec. 32. Minnesota Statutes 1990, section 638.02, subdivision 4, is amended to read:

Subd. 4. Any person granted a pardon extraordinary by the board of pardons prior to April 12, 1974 may apply to the district court of the county in which the conviction occurred for an order setting aside the conviction ~~and sealing all such records~~ as set forth in subdivision 3.

Sec. 33. Minnesota Statutes 1991 Supplement, section 638.04, is amended to read:

638.04 [MEETINGS.]

The board of pardons shall hold meetings at least twice each year and shall hold a meeting whenever it takes formal action on an application for ~~a~~ relief from the pardon board or commutation of sentence. All board meetings shall be open to the public as provided in section 471.705, except that the board may conduct its deliberations on an application for relief from the pardon board or commutation of sentence in private.

The victim of an applicant's crime has a right to submit an oral or written statement at the meeting. The statement may summarize the harm suffered by the victim as a result of the crime and give the victim's recommendation on whether the application for ~~a~~ relief from the pardon board or commutation should be granted or denied. In addition, any law enforcement agency may submit an oral or written statement at the meeting, giving its recommendation on whether the application should be granted or denied. The board

must consider the victim's and the law enforcement agency's statement when making its decision on the application.

Sec. 34. Minnesota Statutes 1991 Supplement, section 638.05, is amended to read:

638.05 [APPLICATION FOR PARDON.]

Every application for a pardon or commutation of sentence shall be in writing, addressed to the board of pardons, signed under oath by the convict or someone in the convict's behalf, shall state concisely the grounds upon which the pardon or commutation is sought, and in addition shall contain the following facts:

(1) The name under which the convict was indicted, and every alias by which the convict is or was known;

(2) The date and terms of sentence, and the names of the offense for which it was imposed;

(3) The name of the trial judge and the county attorney who participated in the trial of the convict, together with that of the county of trial;

(4) A succinct statement of the evidence adduced at the trial, with the endorsement of the judge or county attorney who tried the case that the ~~same~~ statement is substantially correct~~;~~. If ~~such~~ this statement and endorsement are not furnished, the reason ~~thereof~~ for failing to furnish them shall be stated;

(5) The age, birthplace, and occupation and residence of the convict during five years immediately preceding conviction;

(6) A statement of other arrests, indictments, and convictions, if any, of the convict.

Every application for ~~a~~ relief from the pardon board or commutation of sentence shall contain a statement by the applicant consenting to the disclosure to the board of any private data concerning the applicant contained in the application or in any other record relating to the grounds on which the pardon or commutation is sought. In addition, if the applicant resided in another state after the sentence was discharged, the application for relief from the pardon board or commutation of sentence shall contain a statement by the applicant consenting to the disclosure to the board of any private data concerning the applicant that was collected or maintained by the foreign state relating to the grounds on which the pardon or commutation of sentence is sought, including disclosure of criminal arrest and conviction records.

Sec. 35. Minnesota Statutes 1991 Supplement, section 638.06, is amended to read:

638.06 [ACTION ON APPLICATION.]

Every ~~such~~ application for relief from the pardon board or commutation of sentence shall be filed with the ~~clerk~~ ~~of~~ secretary to the board of pardons not less than 60 days before the meeting of the board at which consideration of the application is desired. If an application for ~~a~~ relief from the pardon board or commutation has been once heard and denied on the merits, no subsequent application shall be filed without the consent of two members of the board endorsed ~~thereon~~ on the application. ~~The clerk shall,~~ Immediately on receipt of any application, the secretary to the board shall mail notice ~~thereof~~ of the application, and of the time and place of hearing ~~thereon~~ on it, to the judge of the court ~~wherein~~ where the applicant was tried and sentenced, and to the prosecuting attorney who prosecuted the applicant, or a successor in office. Additionally, the secretary to the board shall publish notice of an application for a pardon extraordinary in the local newspaper of the county where the crime occurred. The clerk shall also make all reasonable efforts to locate any victim of the applicant's crime. The ~~clerk~~ secretary to the board shall mail notice of the application and the time and place of the hearing to any victim who is located. This notice shall specifically inform the victim of the victim's right to be present at the hearing and to submit an oral or written statement to the board as provided in section 638.04.

Sec. 36. [638.075] [ANNUAL REPORTS TO LEGISLATURE.]

By February 15 of every even-numbered year, the board of pardons shall file a written report with the legislature containing the following information:

(1) the number of applications received by the board during the preceding two calendar years for pardons, pardons extraordinary, and commutations of sentence;

(2) the number of applications granted by the board for each category; and

(3) the crimes for which the applications were granted by the board.

Sec. 37. [SUPREME COURT; UNIFORM ORDER TO SET ASIDE CONVICTION.]

The supreme court shall, by rule, develop a standardized form to be used by district courts in entering orders to set aside a conviction under Minnesota Statutes, section 638.02, subdivision 3.

Sec. 38. [LEGISLATIVE STUDY; EXPUNGEMENT OF CRIMINAL RECORDS.]

The house and senate judiciary committees may undertake a study of the current statutory and judicial procedures under which a convicted offender's criminal record may be ordered sealed or expunged. In particular, the judiciary committees may determine whether these procedures are fairly available to all offenders, without regard to the offender's minority or economic status. The judiciary committees may consider developing any legislation that is necessary to ensure fair and consistent access to and implementation of these procedures.

Sec. 39. [PARDON BOARD; REVIEW OF STAFFING AND WORKLOAD.]

Subdivision 1. [REVIEW OF STAFFING NEEDS.] No later than one year after the effective date of sections 30 to 38, the board of pardons may assess whether it has adequate staff to perform the duties imposed on the board by Minnesota Statutes, chapter 638.

Subd. 2. [REVIEW OF ADMINISTRATIVE WORKLOAD.] No later than two years after the effective date of sections 30 to 38, the board of pardons may assess whether it has adequate resources to perform its administrative duties under Minnesota Statutes, chapter 638.

Sec. 40. [EFFECTIVE DATE.]

Section 5 is effective June 1, 1992."

Delete the title and insert:

"A bill for an act relating to data practices; classifying government data; providing for access to and charges for patient's medical records; providing for the treatment of records of certain criminal convictions; altering the procedures of the pardon board and treatment of its records; providing criminal background checks of professional and volunteer child care providers; providing for subpoena powers of county attorneys; changing the time when an arrest warrant may be served; amending Minnesota Statutes 1990, sections 13.08, subdivision 1; 13.46, subdivision 7; 144.335, by adding subdivisions; 147.161, subdivision 3; 152.18, subdivision 1; 242.31; 270B.14, by adding a subdivision; 299C.11; 299C.13; 363.03, subdivision 1; 388.23, subdivision 1; 609.168; 626.14; and 638.02, subdivisions 2 and 4; Minnesota Statutes 1991 Supplement, sections 13.46, subdivision 2; 144.0525; 144.335, subdivisions 1 and 3a; 609.535, subdivision 6; 638.02, subdivision 3; 638.04; 638.05; and 638.06; proposing coding for new law in Minnesota Statutes, chap-

ters 13; 144; 299C; 357; and 638; proposing coding for new law as Minnesota Statutes, chapter 13C."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 2191, A bill for an act relating to metropolitan government; authorizing the acquisition and betterment of transit facilities and equipment and providing financing for their cost; amending Minnesota Statutes 1990, section 473.39.

Reported the same back with the following amendments:

Page 3, line 8, delete "$110,000,000" and insert "$116,500,000"

Page 3, line 10, delete "$22,600,000" and insert "$29,100,000"

Page 3, line 12, before the comma insert "and replacement service program vehicles"

Page 3, line 15, delete "$30,000,000" and insert "$32,000,000"

Page 3, line 16, delete "$60,000,000" and insert "$63,000,000"

Page 3, line 17, delete "$20,000,000" and insert "$21,500,000"

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

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2192, A bill for an act relating to tax increment financing; establishing a special environmental treatment area; establishing tax increment financing districts; providing certain contaminant remediation and development powers; proposing coding for new law in Minnesota Statutes, chapter 469.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [FINDINGS; PURPOSE.]

The legislature finds that historical uses of properties within or adjacent to certain geographic areas within Minnesota communities have contributed to the known or suspected contamination of the areas, that the known or suspected contamination of these geographic areas is significant and widespread, that the welfare of the state requires environmentally sound remediation of contaminated sites, that certain of the contaminated geographic areas can be made suitable for development if contaminants are removed but that the areas cannot be developed for any purpose unless remediation is undertaken or ensured, and that the remediation and development of the contaminated geographic areas are public purposes in the interests of environmental quality, contamination management and disposal, and economic development, for which the expenditure of public funds and the exercise of the powers provided in sections 2 to 10 are authorized and in the public interest.

It is not the intent of sections 2 to 10 to reduce, alter, or modify the liability under Minnesota or federal environmental law of a responsible person as defined in Minnesota Statutes, section 115B.03.

Sec. 2. [469.301] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] As used in sections 2 to 10, the terms defined in this section have the meanings given them.

Subd. 2. [ADDITIONAL TAX INCREMENT.] "Additional tax increment" means the tax increment received by the city which is derived from any reduction of the original net tax capacity of property within the area under section 5, paragraph (e).

Subd. 3. [AGENCY.] "Agency" means the Minnesota pollution control agency.

Subd. 4. [AREA.] "Area" means a special environmental treatment area established under section 3.

Subd. 5. [CITY.] "City" means an "authority" as defined in section 469.174, subdivision 2, a "municipality" as defined in section 469.174, subdivision 6, a county, or a housing and redevelopment authority, port authority, economic development authority, or a similar authority created under a special law.

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of the agency.

Subd. 7. [CONTAMINATION.] "Contamination" means the presence or possible presence on, within, or otherwise affecting the area, or properties adjacent to the area if suspected of being a contributing source of contamination of the area, of:

(1) a substance defined as a "hazardous substance" or "toxic substance" in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, United States Code, title 42, section 9061, et seq.;

(2) a substance defined as a "hazardous substance," "hazardous waste," or "pollutant or contaminant" in section 115B.02; or

(3) another substance or contaminant determined by the federal environmental protection agency, the pollution control agency, or the department of health to be a threat to public health whose removal or remediation is necessary to the development of the area.

Subd. 8. [DISTRICT.] "District" means a tax increment financing district established within an area as authorized by sections 2 to 10.

Subd. 9. [ELIGIBLE COSTS.] "Eligible costs" means the costs eligible for payment from tax increments as provided in section 7.

Subd. 10. [ELIGIBLE PERSON.] "Eligible person" means a person who did not own, use, occupy, or contribute to the contamination in, or provide financing with respect to, a contaminated parcel before the date of inclusion in an area of the eligible site which includes the contaminated parcel.

Subd. 11. [ELIGIBLE SITE.] "Eligible site" means one or more parcels which satisfy the criteria stated in section 3, subdivision 4.

Subd. 12. [PLAN.] "Plan" or "area plan" means the plan required by section 3, as from time to time amended.

Subd. 13. [REMEDIATION.] "Remediation" means activity constituting "removal," "remedy," "remedial action," or "response" as those terms are defined in section 115B.02; environmental audits; pollution tests; demolition undertaken in connection with remediation; soil removal, correction, disposal, or compaction undertaken in connection with remediation; preparation and implementation of environmental response plans; administrative, legal, including litigation, and professional fees; and other activities reasonably related to the prevention or amelioration of contamination.

Subd. 14. [TAX INCREMENT.] "Tax increment" means the portion of property taxes derived from taxable property in a district that is allocated under the plan for payment of eligible costs, and the

proceeds of tax increment bonds or other obligations payable in whole or in part from tax increments.

Subd. 15. [TAX INCREMENT BONDS.] "Tax increment bonds" means bonds or other obligations issued under section 8.

Subd. 16. [TAX INCREMENT FINANCING ACT.] "Tax increment financing act" means sections 469.174 to 469.179.

Sec. 3. [469.302] [ESTABLISHMENT OF SPECIAL ENVIRONMENTAL TREATMENT AREA.]

Subdivision 1. [ESTABLISHMENT OF AN AREA.] A city may establish an area only in compliance with the requirements of this section.

Subd. 2. [GEOGRAPHIC DESCRIPTION.] (a) A city establishing an area shall select eligible sites within its jurisdictional boundaries. Each eligible site must consist of parcels that contain contamination, or the inclusion of which is permitted by subdivision 4, paragraph (b). For the purposes of selection of eligible sites, the city may by resolution authorize testing of a parcel within the city to assess the presence of contamination or to discover facts relevant to whether the parcel should be included in the geographic area described in a plan to remediate present contamination or prevent future contamination, except that:

(1) the testing must not unreasonably interfere with the current activity occurring on a parcel being tested;

(2) at least ten days before the testing, the city shall provide written notice of the testing to the owner of record of the parcel, each other person with an interest in the parcel whose interest appears in the public land records of the county, and each other person occupying or using the parcel if the city has actual knowledge of the occupancy or use; and

(3) the city shall pay the cost of the testing and the cost of repair or restoration of any property destroyed or damaged by the testing, provided that the city may recover the cost of the testing and other costs from a person who is a responsible person with respect to the parcel tested, if otherwise permitted by law.

(b) A city may request the agency to supervise or provide oversight or provide technical expertise in connection with testing, and the agency may, but is not obligated to, comply with the request. The agency may exercise its powers under section 115B.17, subdivision 14, in connection with the testing. The agency shall, at its request, be reimbursed for its expenses including staff oversight from any funds available to pay eligible costs.

(c) The area must consist of all or some of the eligible sites identified. An area or an eligible site need not consist of contiguous parcels, but the parcels comprising an eligible site in addition to those which contain contamination may be included only as permitted by subdivision 4, paragraph (b). The city shall prepare or cause to be prepared a map showing all of the parcels to be included in the area. The area must also satisfy the requirements of subdivision 5.

Subd. 3. [AREA PLAN.] The city shall prepare a plan for the area that includes the geographic description and map prepared under subdivision 2. The plan must describe the proposed activities within the area to:

(1) remediate existing contamination in accordance with the development action response plan required by subdivision 6;

(2) prevent future contamination; and

(3) cause development to occur within the area.

The plan must further estimate the source, amount, and uses of all tax increments and other funds to be used to pay for the activities described in the area plan. The plan must contain the findings required by subdivisions 4 and 5 and must provide sufficient detail to show the basis for the findings. The plan must include a tax increment financing plan under section 469.175, subdivision 1, for each district to be established under the plan, except that a tax increment financing plan may be for more than one district. The plan must describe the specific kinds of development expected to occur, and the increases in tax capacity expected to result from the development.

Subd. 4. [ELIGIBLE SITES.] (a) Each eligible site, or parcel included in an eligible site, as appropriate, must meet the requirements of paragraphs (b) to (e).

(b) The parcel must contain contamination, or be necessary for inclusion in the eligible site in order to prevent future contamination or remediate present contamination, or be necessary for inclusion in the eligible site in order to form a development site no larger than that necessary for development to occur on the site.

(c) For each parcel containing contamination, the city shall consider the seriousness of the contamination present in the parcel, the threat posed to the public health by the contamination, and the deterrent effect of the contamination on development of the eligible site which includes the contaminated parcel. The city shall submit a report describing the extent and magnitude of the contamination to the commissioner for approval.

(d) The city shall determine that the contamination present in the eligible site is unlikely to be remediated within five to ten years, or that development of the site is unlikely to occur within five to ten years even if remediation occurs because there is no indemnification against potential environmental liability, unless the city forms the area. In making this determination, the city shall consider the availability of funding for remediation from state and federal agencies and the availability and adequacy of the resources of responsible persons to remediate contamination.

(e) The city shall estimate the likelihood of development of the eligible site if the contamination is remediated and shall determine that development of the eligible site is likely to occur if the area is formed and the actions taken as proposed in the plan for the area.

Subd. 5. [AREA CRITERIA.] (a) In addition to the criteria for eligible sites stated in subdivision 4, each area must meet the requirements of paragraphs (b) and (c).

(b) The city must determine that either:

(1) the estimated costs of remediating present contamination or preventing future contamination within the area are no less than $20,000 per acre for each contaminated parcel; or

(2) the fair market value of the contaminated parcels to be included within the area have suffered a decline in fair market value of not less than 35 percent in the preceding three years.

(c) The city must determine that establishment of the area, the environmental remediation and prevention activities described in the plan and, if applicable, the establishment of a guaranty or indemnification fund, are necessary to:

(1) allow development to occur on the parcels included in the area because of the reluctance of private parties to assume the risk of the cost of remediation of the contaminated parcels in the area; or

(2) cause the fair market value of the contaminated parcels included in the area to rise to the approximate fair market value of similar property available for development in the county and adjacent counties.

Subd. 6. [DEVELOPMENT ACTION RESPONSE PLAN.] The city may not establish an area or approve the plan for the area until a development action response plan as defined in section 469.174, subdivision 17, for each contaminated parcel has been submitted to the agency and the commissioner has approved or modified the development action response plan. The commissioner shall review each development action response plan and approve, modify, or reject

the recommended actions within 90 days after submission of the plan or revised plan, provided that the commissioner has previously approved an investigation report under subdivision 4, paragraph (c), for the parcel proposed for response action under the plan. Only one contaminated parcel may be included in each development action response plan.

Subd. 7. [PLAN REVIEW AND APPROVAL.] (a) The city may not give final approval to the plan until the review, hearing, and approval procedures of this subdivision have been satisfied. The governing body of the city, or city officials designated by the governing body to act in its place, shall conduct a public hearing on the plan. Notice of the public hearing must be published in a newspaper of general circulation within the city at least once and at least 14 days before the public hearing. A copy of the proposed plan must be made available for public inspection on and after the date of publication of the notice of hearing during normal business hours at the principal administrative offices of the city. At the hearing, the city shall receive comments on the plan from all those who desire to speak about it, and shall accept comments submitted in writing at or before the hearing. The city shall also afford others a reasonable opportunity to comment on the plan at the hearing.

(b) Following the hearing, and any revisions to the plan based on the comments received by the city, the city shall submit the plan to the county and each school district whose jurisdictional boundaries include any part of the area. The county and school district have 30 days in which to review the plan and provide their comments to the city.

(c) Following receipt of comments from the county and school district, or the expiration of the 30-day comment period, the city shall revise the proposed plan as the city determines appropriate, or as required by federal or state environmental protection laws. The city may then give final approval to the plan, and proceed with implementation of the plan.

Subd. 8. [MODIFICATIONS.] Following final approval of the plan, the city may eliminate parcels from the area but may not enlarge the area except to add eligible sites. Each enlargement must be evidenced by a written amendment to the plan. The amendment to the plan must comply with the requirements of subdivisions 2 to 7 as though it were a new plan. A development action response plan may be modified only with the approval of the commissioner.

Subd. 9. [EXTRATERRITORIAL AREA.] An area may include parcels outside the geographic boundaries of the city only if the city and the adjacent city or township have entered into an agreement of the type described in section 471.59, authorizing the city to exercise the powers granted under sections 2 to 10, subject to the conditions or limitations provided in the agreement. Tax increments derived

from the parcels outside the boundaries of the city must be paid to the city unless otherwise provided in the agreement.

Subd. 10. [REAL PROPERTY.] A city may acquire real property or interests in real property in connection with the activities authorized by sections 2 to 10, subject to the following limitations:

(1) the real property must be located within the area;

(2) nothing in any contract or instrument executed by the city may relieve a responsible person from liability for remediation costs, nor indemnify or hold harmless a responsible person from remediation costs; and

(3) the terms and conditions of disposition of real property by the city may be determined by the city, except that the price received by the city, either in a lump sum or in installments, must be the fair market value of the real property at the time of disposition.

Sec. 4. [469.303] [STATUS OF AREA; POWERS OF THE CITY; INDEMNIFICATION FUND.]

Subdivision 1. [STATUS OF AREA.] The area constitutes a "project" of the city within the meaning of section 469.174, subdivision 8; an "industrial development district" as described in section 469.058, subdivision 1; a "project" as described in section 469.002, subdivision 12; and a "development district" as described in section 469.125, subdivision 9. Section 273.1399 does not apply to a district formed under sections 2 to 10.

Subd. 2. [POWERS OF THE CITY.] With respect to development of the area, the city may exercise all powers granted under sections 2 to 10 and all powers of or relating to a port authority, a housing and redevelopment authority, and an economic development authority under chapter 469 or other law. The city may establish within the area and modify from time to time one or more tax increment financing districts as provided in the area plan and the tax increment financing act, except as supplemented or otherwise provided under sections 2 to 10, and expend tax increments derived from the districts on eligible costs. The powers conferred by sections 2 to 10 are in addition to the powers conferred by other law or charter. Insofar as the provisions of any other law or charter are inconsistent with sections 2 to 10, the provisions of sections 2 to 10 are controlling.

Subd. 3. [GUARANTY OR INDEMNIFICATION FUND.] In addition to the powers otherwise granted under sections 2 to 10, a city may establish and maintain a guaranty or indemnification fund with respect to any contaminated parcel, or more than one such parcel, included within the area. Funds held in the guaranty or

indemnification fund must be available, upon terms and conditions determined by the city through agreement or resolution, to an eligible person to indemnify and hold harmless the eligible person from liability for remediation costs arising under any state or federal environmental law, regulation, ruling, order, or decision with respect to the contaminated parcel or parcels by reason of the person's use, occupancy, ownership, or financing associated with the contaminated parcel. The city may not indemnify or hold harmless an eligible person from liability for contamination of a parcel caused by the eligible person. Tax increments derived from a district established as authorized in sections 2 to 10 and any other funds available to the city may be deposited in or otherwise used to secure payments from the guaranty or indemnification fund. Tax increments derived from a district established as authorized by the tax increment financing act may also be deposited in the guaranty or indemnification fund, notwithstanding any contrary provision of the tax increment financing act. The city is liable under the guaranty or indemnification only to the extent of funds available to secure payments from the guaranty or indemnification fund. The maximum amount payable from the guaranty or indemnification fund with respect to any eligible site must not exceed 50 percent of the cost of remediation of the contamination present in the contaminated parcels in the eligible site at the time of final approval of the plan, which amount may be inflated each year according to an appropriate inflation index selected by the city. The guaranty or indemnification fund must be held or maintained in or with a financial institution or corporate fiduciary eligible for the deposit of public money or eligible to act as a trustee or fiduciary for bonds or other obligations issued under chapter 475. The guaranty or indemnification fund must be held and maintained for the period agreed to by the city, except that tax increments may be deposited in the fund only during the period permitted by sections 2 to 10. Upon termination of the period of guaranty or indemnification all unexpended money then held in the guaranty or indemnification fund must be considered excess tax increments and returned to the county auditor for redistribution. Investment earnings, net of investment losses, on money held in the guaranty or indemnification fund may, at the option of the city, be retained in the fund or disbursed to the city and applied to other eligible costs. Tax increments used or pledged to secure payments from the guaranty or indemnification fund may be irrevocably pledged for that purpose, and neither filing nor possession is required to perfect the security interest created by the pledge.

Sec. 5. [469.304] [LIMITATIONS.]

(a) A tax increment financing district established by a city under sections 2 to 10 is subject to the provisions of paragraphs (b) to (j).

(b) Request for certification of the district must be filed with the county auditor before December 1 of the year following the third year in which the city gives final approval to the plan. The city may

by written notice to the county auditor elect to defer receipt of the first increment from a district until a year beginning not later than five years after the date of the request for certification. The election may be amended to provide an earlier year of payment of tax increment if the notice of the amendment is filed with the county auditor.

(c) A tax increment from an eligible site may not be paid to the city after January 1 of the year that is 25 years after the year of receipt of the first tax increment from the eligible site.

(d) Section 469.1763 does not apply to the district. Tax increment must be expended or reserved for expenditure by the city only for eligible costs. Tax increment derived from a district may be applied to eligible costs incurred anywhere within the area.

(e) Concurrently with the original request for certification, or at any subsequent time during the life of a district within the area and established as provided in the plan, the city may elect in writing to the county auditor to reduce the original net tax capacity of an eligible site, selected by the city, by up to 100 percent. All additional tax increment derived from the reduction must be expended only for the costs of remediation of contaminated parcels within the eligible site, or to make deposits in a guaranty or indemnification fund. When the city has received sufficient amounts of additional tax increment to pay or to provide for payment of all present and future eligible costs, including remediation costs and required deposits in a guaranty or indemnification fund, whether or not the city's undertaking to pay the costs is contingent, the city shall within 60 days notify the county auditor of this occurrence and shall treat all additional tax increment which exceeds the requirements as excess tax increment. The city shall return the excess tax increment to the county auditor for redistribution, and the county auditor shall then increase the original net tax capacity of each district within the area then benefiting from the reduction made under this paragraph to the original net tax capacity that would at the time prevail had no reduction been made. The reduction of the original net tax capacity permitted by this paragraph may be made only upon findings by the city, supported by written reasons or facts, that:

(1) the eligible site contains significant contamination;

(2) the development of the district would not reasonably be expected to occur through private investment and tax increment otherwise available; and

(3) the reduction in the original net tax capacity is not greater than, and the period of receipt by the city of the increased tax increment arising from the reduction is not longer than, the amount and time necessary to provide the additional tax increment required for remediation of the eligible site as set forth in the plan and the

development action response plan for the eligible site, or to make required deposits in a guaranty or indemnification fund.

(f) The city shall decertify a district upon receipt of sufficient tax increment from the district to pay, or to provide for the payment of, all of the eligible costs respecting the district. The city shall treat all tax increment that exceeds the requirements as excess tax increment. The city shall return the excess tax increment to the county auditor for redistribution.

(g) In establishing or modifying a district included in the area and established under the plan, section 469.175, subdivisions 1, clauses (1), (3), (4), and (7); 1a; 3; and 7, do not apply and the findings otherwise required by section 469.175, subdivision 3, are not required, except that the city shall make the finding, supported by the city with written reasons and supporting facts, that the action is reasonably required in the judgment of the city in furtherance of the development of the area.

(h) The following provisions of the tax increment financing act do not apply to a district formed under sections 2 to 10; sections 469.174, subdivisions 7, paragraphs (b) and (c); 16; and 17; 469.176, subdivisions 1, paragraphs (d), (e), and (g); 3; 4e; 4h; 5; 6; and 7; and 469.1762.

(i) A housing and redevelopment authority, port authority, economic development authority, or county may not exercise the powers granted by this chapter except upon the prior approval, by resolution, of the governing body of the statutory or home rule city or cities or township or townships included in whole or in part within the area established under section 3.

(j) Nothing in sections 2 to 10 or the tax increment financing act may be construed to prevent or preclude a city from establishing one or more tax increment districts under the tax increment financing act for any purpose permitted thereby, and a district may include all or some of an area or a district or an eligible site established under sections 2 to 10. Notwithstanding the provisions of the tax increment financing act, the city may allocate tax increments derived from districts established under the tax increment financing act to eligible costs under sections 2 to 10. Nothing in sections 2 to 10 or the tax increment financing act may be construed to prevent or preclude a city from establishing one or more tax increment districts under sections 2 to 10 for any purpose permitted in those sections, and any district established may include all or some of a district or project established under the tax increment financing act. Tax increments derived from a district established under sections 2 to 10 may be applied only to eligible costs, but if a district established under sections 2 to 10 and a district established under the tax increment financing act overlap, the city may allocate the tax

increments derived from the overlapping area in any reasonable manner.

Sec. 6. [469.305] [INTER-GOVERNMENTAL COOPERATION AND ASSISTANCE.]

The city, the agency, the attorney general, a city as defined in section 2, subdivision 5, and an agency of the state or the University of Minnesota may cooperate with one another and take individual or collective actions considered necessary or desirable to assist development and remediation within the area, including without limitation the preparation and execution of development action response plans, the rendering of legal and technical advice and other assistance, and the transfer of any of its properties within the area to the city or to other entities in furtherance of the development of the area. All properties so transferred by a state agency or the University of Minnesota shall, whenever included within a district within the area and established pursuant to the plan and notwithstanding any other provision of the tax increment financing act, have an original net tax capacity of zero.

Sec. 7. [469.306] [ELIGIBLE COSTS.]

For the purposes of sections 2 to 10, eligible costs mean the following costs that are directly related to remediation of contamination:

(1) the cost to pay, or reimburse any person for the payment of, remediation costs;

(2) the cost of funding a guaranty or indemnification fund created as permitted by section 4, subdivision 3, and payments from the fund, and the cost of paying the premiums on environmental liability insurance obtained by the city or by any other person with respect to real property within the area;

(3) the cost of paying the principal of and interest on bonds or other obligations of the city and associated costs or the cost of paying the interest on other bonds or other obligations or establishing and maintaining a reserve fund for the other bonds or other obligations, all as permitted by section 8;

(4) the cost of issuing bonds or other obligations payable from tax increments derived from an area and customary associated financing costs, including discount, capitalized interest, and interest on the obligations;

(5) the costs of acquisition of real property within the area;

(6) if necessary for remediation of contamination or prevention of

future contamination, the cost of public infrastructure extensions and installations including water, sanitary and storm sewer, ponding and drainage improvements, including improvements located outside the boundaries of the area;

(7) staff oversight costs of the agency and reasonable administrative costs of the city or other government units;

(8) the costs of other activities and improvements authorized by sections 2 to 10; and

(9) costs reasonably related to clauses (1) to (8).

All eligible costs are costs of a project for which tax increments and other public funds may be expended.

All costs are payable from tax increments.

Sec. 8. [469.307] [FINANCING.]

To finance eligible costs, the city may issue bonds or other obligations, payable in whole or in part from tax increments derived from districts created in accordance with section 469.178, and the use of tax increments to pay the principal of and interest on the bonds and other costs associated with the bonds is an eligible cost. The city may apply tax increments to pay all or part of the interest on bonds or other obligations issued by public or private entities to finance eligible costs incurred with respect to parcels within the area, or to establish or maintain reserve funds in connection with the bonds or other obligations.

Sec. 9. [469.308] [RELATIONSHIP TO TAX INCREMENT FINANCING ACT.]

Subdivision 1. [IN GENERAL.] To the extent that any provision of the tax increment financing act conflicts or is otherwise inconsistent with a provision of sections 2 to 10, the provisions of sections 2 to 10 apply. Nothing in sections 2 to 10 limits or prevents the exercise by the city of any power or authority it may have, and the city may, without limitation, in connection with the exercise of any power respecting development or the establishment of a tax increment financing district, elect not to use the authority granted in sections 2 to 10 and instead proceed under and subject to all of the terms of the other applicable law, including all provisions of sections 469.174 to 469.179 with respect to a tax increment financing district.

Subd. 2. [GUARANTY OR INDEMNIFICATION FUND.] Notwithstanding any provision of the tax increment financing act to the contrary, an authority as defined in the tax increment financing act may amend the tax increment financing plan with respect to any

district to permit the deposit of tax increments derived from the district, or the proceeds of bonds or other obligations payable from the tax increments, in a guaranty or indemnification fund created under this chapter if the amendment is approved on or before a date that is at least five years before the latest termination date of the district permitted by the tax increment financing act.

Sec. 10. [469.309] [RESPONSIBLE PERSONS.]

Subdivision 1. [NO INDEMNITY.] The city may not agree to indemnify or hold harmless a person other than an eligible person as defined in section 2, subdivision 10, from any losses, costs, or damages arising from the application of chapter 115B or other state or federal environmental law.

Subd. 2. [RECOVERY FROM RESPONSIBLE PERSONS.] Nothing in sections 2 to 10 may be construed to limit the authority of the city, the agency, the attorney general, and other appropriate state and federal environmental regulatory agencies or persons authorized to enforce state and federal environmental laws to enforce the provisions of state and federal environmental laws against responsible persons. All amounts recovered by the city from responsible persons, net of the costs of recovery, and all amounts otherwise received by the city representing all or a portion of amounts recovered from responsible persons, with respect to parcels included in the area must be deposited by the city.

Subd. 3. [AMOUNTS RECOVERED.] All amounts deposited with the city, as provided in subdivision 2, are considered tax increment derived from a district formed under sections 2 to 10 and must be:

(1) applied to the payment of the costs of recovery;

(2) applied to the payment of eligible costs; or

(3) returned to the county auditor for redistribution.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective the day following final enactment."

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

The report was adopted.

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

H. F. No. 2225, A bill for an act relating to retirement; St. Paul police relief association; authorizing retirees and surviving spouses to participate in relief association board elections; amending Laws 1955, chapter 151, section 1, subdivision 3, as amended.

Reported the same back with the following amendments:

Page 1, line 12, delete "or" and insert a comma

Page 1, line 13, after "4" insert ", or acting on any question at a regular membership meeting or a special membership meeting"

Page 2, after line 5, insert:

"(c) Notwithstanding any provision of law, relief association articles of incorporation, or relief association bylaws to the contrary, for a question considered at a regular membership meeting or a special membership meeting to be approved, approval must be given by both a majority of members described in paragraph (b) and a majority of members described in paragraph (a) but not also described in paragraph (b)."

Amend the title as follows:

Page 1, line 5, after "elections" insert "and other governance issues"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2231, A bill for an act relating to state government; regulating administrative rulemaking; providing for corrective legislation; requiring the attorney general and administrative law judge to disregard harmless errors; regulating dual notices; establishing an expedited procedure for federally mandated rules; amending Minnesota Statutes 1990, sections 3C.04, subdivision 4; 14.115, subdivision 5; 14.15, by adding a subdivision; 14.22; 14.26; and

14.32; proposing coding for new law in Minnesota Statutes, chapter 14.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 3C.04, subdivision 4, is amended to read:

Subd. 4. [TECHNICAL BILLS.] The revisor's office shall prepare and submit to the legislature bills clarifying and correcting the statutes and administrative rules.

Sec. 2. Minnesota Statutes 1990, section 14.115, subdivision 5, is amended to read:

Subd. 5. [COMPLIANCE.] If an administrative law judge or the attorney general finds that an agency has failed to comply with subdivisions 1 to 4, the rules shall not be adopted unless the failure to comply is considered a harmless error under section 14.15, subdivision 5; 14.26, subdivision 3; or 14.32, subdivision 2.

Sec. 3. Minnesota Statutes 1990, section 14.15, subdivision 1, is amended to read:

Subdivision 1. [TIME OF PREPARATION.] After allowing written material to be submitted and recorded in the hearing record for five working days after the public hearing ends, or for a longer period not to exceed 20 days if ordered by the administrative law judge, the administrative law judge assigned to the hearing shall write a report as provided for in section 14.50. Prior to writing the report, the administrative law judge shall allow the agency and interested persons ~~three business~~ five working days after the submission period ends to respond in writing to any new information submitted. During the ~~three-day~~ five-day period, the agency may indicate in writing whether there are amendments suggested by other persons which the agency is willing to adopt. Additional evidence may not be submitted during this ~~three-day~~ five-day period. The written responses shall be added to the rulemaking record.

Sec. 4. Minnesota Statutes 1990, section 14.15, is amended by adding a subdivision to read:

Subd. 5. [HARMLESS ERRORS.] The administrative law judge shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirement imposed by law or rule if the administrative law judge finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Sec. 5. Minnesota Statutes 1990, section 14.22, is amended to read:

14.22 [NOTICE OF PROPOSED ADOPTION OF RULES.]

Subdivision 1. [CONTENTS.] Unless an agency proceeds directly to a public hearing on a proposed rule and gives the notice prescribed in section 14.14, subdivision 1a, the agency shall give notice of its intention to adopt a rule without public hearing. The notice shall be given by publication in the State Register and by United States mail to persons who have registered their names with the agency pursuant to section 14.14, subdivision 1a. The mailed notice shall include either a copy of the proposed rule or a description of the nature and effect of the proposed rule and an announcement that a free copy of the proposed rule is available on request from the agency. The notice in the State Register shall include the proposed rule or the amended rule in the form required by the revisor under section 14.07, and a citation to the most specific statutory authority for the proposed rule. When an entire rule is proposed to be repealed, the notice need only state that fact, giving the citation to the rule to be repealed in the notice. The notice shall include a statement advising the public:

(1) that they have 30 days in which to submit comment in support of or in opposition to the proposed rule and that comment is encouraged;

(2) that each comment should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed;

(3) that if 25 or more persons submit a written request for a public hearing within the 30-day comment period, a public hearing will be held;

(4) of the manner in which persons shall request a public hearing on the proposed rule;

(5) that the name and address of the person requesting a public hearing shall be stated, and that the requester is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed;

(6) that the proposed rule may be modified if the modifications are supported by the data and views submitted; and

(7) that if a hearing is not required, notice of the date of submission of the proposed rule to the attorney general for review will be mailed to any person requesting to receive the notice.

In connection with the statements required in clauses (1) and (3), the notice must also include the date on which the 30-day comment period ends.

Subd. 2. [DUAL NOTICES.] The agency may, at the same time notice is given under subdivision 1, give notice of a public hearing and of its intention to proceed under sections 14.14 to 14.20, if one is required under section 14.25. The notice must include a statement advising the public of its intention to cancel the public hearing if 25 or more persons do not request one. If a hearing is required, there must be at least ten calendar days between the last day for requesting a hearing and the day of the hearing.

Sec. 6. Minnesota Statutes 1990, section 14.26, is amended to read:

14.26 [ADOPTION OF PROPOSED RULE; SUBMISSION TO ATTORNEY GENERAL.]

Subdivision 1. [SUBMISSION.] If no hearing is required, the agency shall submit to the attorney general the proposed rule and notice as published, the rule as proposed for adoption, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. If the proposed rule has been modified, the notice shall state that fact, and shall state that a free copy of the proposed rule, as modified, is available upon request from the agency. The rule and these materials shall be submitted to the attorney general within 180 days of the day that the comment period for the rule is over or the rule is automatically withdrawn. The agency shall report its failure to adopt the rules and the reasons for that failure to the legislative commission to review administrative rules, other appropriate legislative committees, and the governor.

Subd. 2. [RESUBMISSION.] Even if the 180-day period expires while the attorney general reviews the rule, if the attorney general rejects the rule, the agency may resubmit it after taking corrective action. The resubmission must occur within 30 days of when the agency receives written notice of the disapproval. If the rule is again disapproved, the rule is withdrawn. An agency may resubmit at any time before the expiration of the 180-day period. If the agency

withholds some of the proposed rule, it may not adopt the withheld portion without again following the procedures of sections 14.14 to 14.28, or 14.29 to 14.36.

Subd. 3. [REVIEW.] The attorney general shall approve or disapprove the rule as to its legality and its form to the extent the form relates to legality, including the issue of substantial change, and determine whether the agency has the authority to adopt the rule and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rule within 14 days. If the rule is approved, the attorney general shall promptly file two copies of it in the office of the secretary of state. The secretary of state shall forward one copy of each rule to the revisor of statutes. If the rule is disapproved, the attorney general shall state in writing the reasons and make recommendations to overcome the deficiencies, and the rule shall not be filed in the office of the secretary of state, nor published until the deficiencies have been overcome. The attorney general shall send a statement of reasons for disapproval of the rule to the agency, the chief administrative law judge, the legislative commission to review administrative rules, and to the revisor of statutes.

The attorney general shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirements imposed by law or rule if the attorney general finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Subd. 4. [COSTS.] The attorney general shall assess an agency for the actual cost of processing rules under this section. The agency shall pay the attorney general's assessments using the procedures of section 8.15. Each agency shall include in its budget money to pay the attorney general's assessment. Receipts from the assessment must be deposited in the state treasury and credited to the general fund.

Sec. 7. Minnesota Statutes 1990, section 14.30, is amended to read:

14.30 [NOTICE OF PROPOSED ADOPTION OF EMERGENCY RULE.]

The proposed emergency rule shall be published with a notice of intent to adopt emergency rules in the State Register, and the same

notice shall be mailed to all persons registered with the agency to receive notice of any rulemaking proceedings. The notice shall include a statement advising the public that a free copy of the proposed rule is available on request from the agency and that notice of the date of submission of the proposed emergency rule to the attorney general will be mailed to any person requesting to receive the notice. For at least 25 days after publication the agency shall afford all interested persons an opportunity to submit data and views on the proposed emergency rule in writing. The notice must also include the date on which the 25-day comment period ends.

Sec. 8. Minnesota Statutes 1990, section 14.32, is amended to read:

14.32 [SUBMISSION OF PROPOSED EMERGENCY RULE TO ATTORNEY GENERAL.]

Subdivision 1. [SUBMISSION.] The agency shall submit to the attorney general the proposed emergency rule as published, with any modifications. On the same day that it is submitted, the agency shall mail notice of the submission to all persons who requested to be informed that the proposed emergency rule has been submitted to the attorney general. If the proposed emergency rule has been modified, the notice shall state that fact, and shall state that a free copy of the proposed emergency rule, as modified, is available upon request from the agency.

Subd. 2. [REVIEW.] The attorney general shall review the proposed emergency rule as to its legality, review its form to the extent the form relates to legality, and shall approve or disapprove the proposed emergency rule and any modifications on the tenth working day following the date of receipt of the proposed emergency rule from the agency. The attorney general shall send a statement of reasons for disapproval of the rule to the agency, the chief administrative law judge, the legislative commission to review administrative rules, and to the revisor of statutes.

The attorney general shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirement imposed by law or rule if the attorney general finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Subd. ~~2.~~ 3. [COSTS.] The attorney general shall assess an agency

for the actual cost of processing rules under this section. Each agency shall include in its budget money to pay the attorney general's assessment. Receipts from the assessment must be deposited in the state treasury and credited to the general fund.

Sec. 9. [DUAL NOTICE RULES.]

The attorney general, after consultation with the office of administrative hearings, shall adopt rules prescribing the form and content of the notice authorized by Minnesota Statutes, section 14.22, subdivision 2. The rules may provide for a consolidated notice that satisfies the requirements of Minnesota Statutes, sections 14.14, 14.22, and 14.50, and the requirements of the rules of the office of administrative hearings and of the attorney general.

Sec. 10. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; regulating administrative rulemaking; providing for corrective legislation; extending the response period that precedes the writing of an administrative law judge's report on rules adopted after public hearing; requiring the attorney general and administrative law judge to disregard harmless errors; regulating notices; amending Minnesota Statutes 1990, sections 3C.04, subdivision 4; 14.115, subdivision 5; 14.15, subdivision 1, and by adding a subdivision; 14.22; 14.26; 14.30; and 14.32."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2265, A bill for an act relating to health; specifying timelines for the disposal of cremated remains; modifying standards for county payment of funeral expenses; amending Minnesota Statutes 1991 Supplement, sections 256.935, subdivision 1; and 261.035; proposing coding for new law in Minnesota Statutes, chapter 149.

Reported the same back with the following amendments:

Page 3, line 1, delete "or" and insert "and"

Page 3, line 4, strike "or" and before "final" insert "and"

Page 3, line 7, delete "or" and insert "and"

Page 3, line 10, delete "The"

Page 3, delete lines 11 and 12 and insert "If the wishes of the decedent are not known and the county has no information about the existence of or location of any next of kin, the county may determine the method of final disposition."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2287, A bill for an act relating to retirement; local police and salaried firefighter relief associations; eliminating eligibility for amortization state aid and supplementary amortization state aid for relief associations and consolidation accounts with no unfunded actuarial accrued liability; amending Minnesota Statutes 1991 Supplement, section 423A.02.

Reported the same back with the following amendments:

Page 3, after line 31, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2312, A bill for an act relating to state government; purchases; amending the definition of "manufactured in the United

States"; amending Minnesota Statutes 1991 Supplement, section 16B.101, subdivision 1.

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

The report was adopted.

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

H. F. No. 2343, A bill for an act relating to governmental units; organizations and agencies established by law, executive order, or action of a political subdivision acting alone or jointly with another political subdivision; imposing standards and requirements of accountability; proposing coding for new law in Minnesota Statutes, chapter 471.

Reported the same back with the following amendments:

Page 1, line 18, delete "and" and insert "or"

Page 1, after line 19, insert:

"This section does not apply to a state agency or to a political subdivision."

Page 1, line 27, delete everything after the comma, and insert "compare the compensation of the employees with compensation provided to comparable officers and employees under chapter 15A or 43A, and assure that the compensation does not unreasonably exceed that provided under chapter 15A or 43A;"

Page 2, delete lines 1 and 2

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2367, A bill for an act relating to human services; defining commitment; expanding when a neuroleptic medication may be administered; providing informed consent of a competent person for informal admission; changing treatment alternatives; providing for patient commitment to the commissioner; expanding

initial commitment period; defining when the commissioner must designate the regional center or treatment facility to take the committed person; transferring cost of care for committed persons awaiting placement or transfer designation to the state; establishing county financial responsibility for persons temporarily confined; granting continuance of the commitment; clarifying duration of continued commitment; amending Minnesota Statutes 1990, sections 253B.02, by adding a subdivision; 253B.04, subdivision 1; 253B.09; 253B.10, subdivision 1; 253B.11, subdivision 2, and by adding a subdivision; 253B.12, subdivision 5; and 253B.13, subdivisions 1 and 3; Minnesota Statutes 1991 Supplement, section 253B.03, subdivision 6c.

Reported the same back with the following amendments:

Page 1, after line 22, insert:

"Section 1. Minnesota Statutes 1990, section 245.485, is amended to read:

245.485 [NO RIGHT OF ACTION.]

Sections 245.461 to 245.484 and 245.487 to 245.4888 do not independently establish a right of action for tort or contract claims on behalf of recipients of services or service providers against a county board or the commissioner. A claim for monetary damages must be brought under section 3.736 or 3.751."

Pages 2 to 4, delete sections 2 and 3

Page 4, lines 27 and 28, reinstate the stricken language

Page 4, line 29, delete everything before "Where" and insert "direct the ~~entry~~ filing of an appropriate ~~judgment~~ order."

Page 4, lines 30 and 31, delete the new language

Page 5, lines 14 to 16, delete the new language

Page 5, line 34, delete the new language

Pages 7 and 8, delete sections 8 to 10

Renumber sections in sequence

Delete the title and insert:

"A bill for an act to human services; defining commitment; providing for patient commitment to the commissioner; defining when the commissioner must designate the regional center or treatment facility to receive the committed person; establishing cost of care for committed persons awaiting placement or transfer designation to the state; establishing county financial responsibility for persons temporarily confined; clarifying duration of continued commitment; amending Minnesota Statutes 1990, sections 245.485; 253B.02, by adding a subdivision; 253B.09; 253B.10, subdivision 1; 253B.11, subdivision 2, and by adding a subdivision."

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

The report was adopted.

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

H. F. No. 2368, A bill for an act relating to motor carriers; providing for the expiration of certificates and permits as regular and irregular route carriers of property, and for their conversion to class I certificates and class II permits; specifying operating authority granted by each class; restricting transfer of certain operating authority; prohibiting the lease of class I certificates and class II permits; specifying service that may be offered by courier service carriers; redefining the local cartage zone; increasing registration fees for vehicles of motor carriers; appropriating money; amending Minnesota Statutes 1990, sections 168.013, subdivision 1e; 221.011, subdivisions 7, 8, 9, 14, 25, 28, and by adding subdivisions; 221.036, subdivision 1; 221.041; 221.051; 221.061; 221.071, subdivision 1; 221.081; 221.111; 221.121, subdivisions 1, 6, 6a, and by adding subdivisions; 221.131, subdivisions 2 and 3; 221.141, subdivision 4; and 221.151, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 221; repealing Minnesota Statutes 1990, section 221.011, subdivisions 11 and 17.

Reported the same back with the following amendments:

Page 21, line 12, after "be" insert "on a form the commissioner prescribes,"

Page 21, line 15, delete "and" and after "(3)" insert "other information the commissioner deems necessary, and (4)"

Page 21, line 16, delete "II" and insert "II-L"

Page 21, line 19, after "permits" insert ", and evidence of the

operating authority actually exercised as described in section 221.151, subdivision 1"

Page 21, line 20, after "received" insert "that meet the requirements of this paragraph"

Page 22, delete section 34

Page 23, line 4, delete "35" and insert "34"

Page 23, line 13, delete "36" and insert "35"

Page 23, line 17, delete "37" and insert "36"

Page 23, line 20, delete "38" and insert "37"

Page 23, line 21, delete "37" and insert "36"

Page 23, line 22, delete "36" and insert "35"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2420, A bill for an act relating to human services; providing for pilot projects to demonstrate the use of intergovernmental contracts between state and counties to fund, administer, and regulate delivery of community social service programs; appropriating money.

Reported the same back with the following amendments:

Page 1, line 19, delete "25" and insert "six"

Page 1, line 24, after the period insert "The commissioner shall consider statewide distribution and county population in selecting counties for the pilot project."

Page 2, line 8, delete "Implementing" and insert "Improving"

Page 2, line 26, after "the" insert "procedural" and delete "administrative rules" and insert "state law"

Page 2, line 28, after "continue" insert "mandated" and delete everything after "services"

Page 2, line 29, delete everything before the period

Page 3, line 18, delete everything after "under" and insert "state and federal law"

Page 3, line 19, delete "256.045"

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

The report was adopted.

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

H. F. No. 2422, A bill for an act relating to human services; requiring the commissioner to recalculate hospital payment rates using 1991 as the base year.

Reported the same back with the following amendments:

Page 1, line 12, delete everything after the period

Page 1, delete line 13

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

The report was adopted.

Begich from the Committee on Labor-Management Relations to which was referred:

H. F. No. 2445, A bill for an act relating to employment; providing that certain conduct by employers against employees for engaging in lawful activities during nonworking hours is an unfair labor practice; amending Minnesota Statutes 1991 Supplement, sections 179.12; and 179A.13, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 30, after "hours" insert "if the activities are unrelated to the employee's employment and do not affect the employer's legitimate business interests"

Page 4, line 7, after "hours" insert "if the activities are unrelated to the employee's employment and do not affect the employer's legitimate government interests"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2474, A bill for an act relating to retirement; St. Paul teachers; making various changes in administrative provisions of laws governing the St. Paul teachers retirement fund association; amending Minnesota Statutes 1990, sections 354A.011, subdivisions 4, 8, 11, 12, 13, 14, 15, 21, 24, and 27; 354A.021, subdivision 6; 354A.05; 354A.08; 354A.096; 354A.36, subdivision 3; 354A.38, subdivision 3; and 354A.39; Minnesota Statutes 1991 Supplement, section 354A.011, subdivision 26; repealing Minnesota Statutes 1990, sections 354A.011, subdivision 2; and 354A.40, subdivisions 2 and 3.

Reported the same back with the following amendments:

Page 3, delete section 6

Page 8, after line 5, insert:

"Sec. 15. Minnesota Statutes 1990, section 354A.31, subdivision 3, is amended to read:

Subd. 3. [RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.] Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments except that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services

under the provisions of United States Code, title 42, section 403. The amount of the reduction must be ~~one-half~~ one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists."

Pages 8 and 9, delete section 18 and insert:

"Sec. 2. [FIRST CLASS CITY TEACHERS PLANS, RETIREE RESUMING SERVICE.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 5, approval is granted for the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, and the Duluth teachers retirement fund association, to amend the articles of incorporation or bylaws of the respective association. This authorization is to provide that any person who is retired and receiving a basic program formula retirement annuity under the articles of incorporation or bylaws of the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, or any person who is retired and receiving an old law coordinated program formula retirement annuity under the articles of incorporation or bylaws of the Duluth retirement fund association, and who has resumed teaching service for the school district covered by that same retirement fund association, is entitled to continue to receive retirement annuity payments. However, the annuity payments must be reduced in accordance with Minnesota Statutes, section 354A.31, subdivision 3, if the person's income from teaching service is an amount greater than the maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403.

Sec. 3. [MINNEAPOLIS RESERVE TEACHERS, EXCLUSION OF PRIOR SERVICE.]

A reserve teacher providing service to special school district No. 1 prior to July 1, 1988, for whom contributions were not made to the Minneapolis teachers retirement fund association is not eligible to receive service credit for the period or periods of omitted contributions, unless service credit has previously been granted for the period or periods. On or after July 1, 1992, reserve teachers meeting the definition of a teacher as defined under Minnesota Statutes, section 354A.011, subdivision 27, and providing service to special school district No. 1 must become members and contributions must be deducted as required by Minnesota Statutes, section 354A.12.

Sec. 4. [OMITTED CONTRIBUTION REIMBURSEMENT; MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION AND SPECIAL SCHOOL DISTRICT NO. 1.]

Subdivision 1. [REIMBURSEMENT AUTHORIZATION.] Special school district No. 1 is authorized to be reimbursed for a portion of contributions certified by the executive director of the Minneapolis teachers retirement fund association to the commissioner of finance under Laws 1991, chapter 317, sections 3 and 6, if the omitted contributions occurred during the period of July 1, 1988 to July 1, 1991, and were certified to the commissioner of finance before January 31, 1992.

Subd. 2. [TEACHER NOTIFICATION.] The executive director of the Minneapolis teachers retirement fund association and the school board must jointly notify in writing teachers with omitted contributions identified in subdivision 1 of their option to make payment of omitted employee contributions without interest.

Subd. 3. [PAYMENT PROCEDURE.] If an individual notified under subdivision 2 elects to make payment, the full amount must be remitted to the association in a lump sum within 60 days of notification, or the individual may elect to make payment through a payroll deduction. If the individual chooses to make payment through a payroll deduction, that option must be selected within 60 days of notification. The payroll deduction period may not exceed one year. The employing unit must transmit amounts withheld through payroll deductions to the association along with normal payroll contributions.

Subd. 4. [SCHOOL DISTRICT REIMBURSEMENT.] On a quarterly basis, the executive director of the association will determine the amounts received by the association under subdivision 3 through direct lump-sum payments and payroll deductions. The employing unit will be notified of these amounts received by the association, and the employing unit may withhold an equivalent amount from subsequent obligations under Minnesota Statutes, section 354A.12, subdivision 2.

Subd. 5. [EFFECT OF TEACHER NONPAYMENT.] (a) If a

teacher notified under subdivision 2 does not elect to make payments under subdivision 3, or if full payment is not received within the required time limits, the teacher is not entitled to the service credit for the period of omitted contributions identified in subdivision 1, or for any earlier period, and the teacher forfeits any option to purchase that service credit at a later date.

(b) For individuals identified in paragraph (a), the association must determine an amount equivalent to the omitted employee contribution, without interest, for the period specified in subdivision 1. This amount shall be applied by the employer against subsequent obligations under Minnesota Statutes, section 354A.12, subdivision 2."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, lines 2 and 4, delete "St. Paul" and insert "cities of the first class"

Page 1, line 6, delete "14,"

Page 1, line 8, after "354A.096;" insert "354A.31, subdivision 3;" and after "3;" insert "and"

Page 1, line 9, delete "and 354A.39;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2612, A bill for an act relating to natural resources; allowing use of alternative rulemaking procedures for certain rules of the commissioner of natural resources; regulating activities relating to stromatolites; changing definitions; modifying provisions relating to game refuges, scientific and natural areas, experimental waters, and special management waters; expanding certain authorities relating to deer licenses; exempting certain rules of the commissioner from the administrative procedure act; allowing nonmetal tags for fish nets; authorizing rulemaking; amending Minnesota Statutes 1990, sections 86A.05, subdivision 5; 97A.015, subdivisions 15 and 40; 97A.085, subdivisions 2, 3, 4, 5, 8, and by

adding a subdivision; 97A.411, subdivision 3; 97A.485, subdivision 9; 97C.001, subdivisions 1 and 3; 97C.005; 97C.351; and 103G.615, subdivision 3; Minnesota Statutes 1991 Supplement, sections 14.29, subdivision 4; and 97A.093; and Laws 1991, chapter 259, section 25, as amended; proposing coding for new law in Minnesota Statutes, chapter 84.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1991 Supplement, section 14.29, subdivision 4, is amended to read:

Subd. 4. [GAME AND FISH RULES.] (a) The commissioner of natural resources may adopt rules under sections 14.29 to 14.36 and this subdivision that are authorized under:

(1) chapters 97A, 97B, and 97C to set open seasons and areas, to close seasons and areas, to select hunters for areas, to provide for tagging and registration of game, to prohibit or allow taking of wild animals to protect a species, and to prohibit or allow importation, transportation, or possession of a wild animal~~.~~; and

(2) sections 84.093, 84.14, 84.15, and 84.152 to set seasons for harvesting wild ginseng and wild rice and to restrict or prohibit harvesting in designated areas.

Clause (2) does not limit or supersede the commissioner's authority to establish opening dates, days, and hours of the wild rice harvesting season under section 84.14, subdivision 3.

(b) If conditions exist that do not allow the commissioner to comply with sections 14.29 to 14.36, the commissioner may adopt a rule under this subdivision by submitting the rule to the attorney general for review under section 14.32, complying with sections 3.846, subdivision 2, and 14.36, and including a statement of the emergency conditions and a copy of the rule in the notice. The notice may be published after it is received from the attorney general or five business days after it is submitted to the attorney general, whichever is earlier.

(c) Rules adopted under paragraph (b) are effective upon publishing in the State Register and may be effective up to seven days before publishing and filing under section 3.846, subdivision 2, if:

(1) the commissioner of natural resources determines that an emergency exists;

(2) the attorney general approves the rule; and

(3) for a rule that affects more than three counties the commissioner publishes the rule once in a legal newspaper published in Minneapolis, St. Paul, and Duluth, or for a rule that affects three or fewer counties the commissioner publishes the rule once in a legal newspaper in each of the affected counties.

(d) Except as provided in paragraph (e), a rule published under paragraph (c), clause (3), may not be effective earlier than seven days after publication.

(e) A rule published under paragraph (c), clause (3), may be effective the day the rule is published if the commissioner gives notice and holds a public hearing on the rule within 15 days before publication.

(f) The commissioner shall attempt to notify persons or groups of persons affected by rules adopted under paragraphs (b) and (c) by public announcements, posting, and other appropriate means as determined by the commissioner.

(g) Notwithstanding section 14.35, a rule adopted under this subdivision is effective for the period stated in the notice but not longer than 18 months after the rule is adopted.

(h) A rule adopted under this subdivision is not subject to the 180-day time limit in subdivision 2.

Sec. 2. [84.1525] [STROMATOLITES.]

Subdivision 1. [PERMIT REQUIRED.] A person may not possess, move, or disturb a stromatolite located in waters of the state except under a permit issued by the commissioner.

Subd. 2. [RULES.] The commissioner may adopt rules governing the issuance of permits under subdivision 1.

Sec. 3. Minnesota Statutes 1990, section 86A.05, subdivision 5, is amended to read:

Subd. 5. [STATE SCIENTIFIC AND NATURAL AREAS; PURPOSE; RESOURCE AND SITE QUALIFICATIONS; ADMINISTRATION; DESIGNATION.] (a) A state scientific and natural area shall be established to protect and perpetuate in an undisturbed natural state those natural features which possess exceptional scientific or educational value.

(b) No unit shall be authorized as a scientific and natural area unless its proposed location substantially satisfies the following criteria:

(1) Embraces natural features of exceptional scientific and educational value, including but not limited to any of the following:

(i) natural formations or features which significantly illustrate geological processes;

(ii) significant fossil evidence of the development of life on earth;

(iii) an undisturbed plant community maintaining itself under prevailing natural conditions typical of Minnesota;

(iv) an ecological community significantly illustrating the process of succession and restoration to natural condition following disruptive change;

(v) a habitat supporting a vanishing, rare, endangered, or restricted species of plant or animal;

(vi) a relict flora or fauna persisting from an earlier period; or

(vii) a seasonal haven for concentrations of birds and animals, or a vantage point for observing concentrated populations, such as a constricted migration route; and

(2) Embraces an area large enough to permit effective research or educational functions and to preserve the inherent natural values of the area.

(c) State scientific and natural areas shall be administered by the commissioner of natural resources, in consultation with qualified persons, in a manner which is consistent with the purposes of this subdivision to preserve, perpetuate and protect from unnatural influences the scientific and educational resources within them. Interpretive studies may be provided for the general public. Physical development shall be limited to the facilities absolutely necessary for protection, research, and educational projects, and, where appropriate, for interpretive services.

(d) An area designated as a state scientific and natural area shall not be altered in designation or use without holding a public hearing on the matter at a time and place designated in the notice of the hearing, which shall be published once in a legal newspaper in each county in which the lands are situated at least seven days in advance of the hearing. At the hearing the commissioner shall provide an opportunity for any person to be heard.

~~(d)~~ (e) At the discretion of the managing agency, each scientific and natural area shall be designated as one of the following types:

(i) Research unit. Use is limited to programs conducted by qualified scientists and college graduate and postgraduate students.

(ii) Educational unit. Permitted uses include all activities specified in paragraph (i) above and primary, secondary, and college undergraduate programs.

(iii) Public use unit. Permitted uses include all uses permitted in paragraphs (i) and (ii) above and interpretive programs for the benefit of the general public.

Sec. 4. Minnesota Statutes 1990, section 97A.015, subdivision 15, is amended to read:

Subd. 15. [DESIGNATED TROUT LAKE; DESIGNATED TROUT STREAM.] "Designated trout lake" or "designated trout stream" means a lake or stream designated by the commissioner as a trout lake or a trout stream under section 97C.001 or 97C.005.

Sec. 5. Minnesota Statutes 1990, section 97A.015, subdivision 40, is amended to read:

Subd. 40. [PUBLIC ACCESS.] "Public access" means an access that is publicly owned ~~by the state or a political subdivision~~ and accessible to the public without charge.

Sec. 6. Minnesota Statutes 1990, section 97A.085, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT BY COMMISSIONER'S ORDER.] The commissioner may designate~~, by order,~~ a contiguous area of at least 640 acres as a game refuge if more than 50 percent of the area is in public ownership.

Sec. 7. Minnesota Statutes 1990, section 97A.085, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT BY PETITION OF LAND HOLDERS.] The commissioner may designate ~~by order~~ a land area described in a petition as a game refuge. The petition must be signed by the owner, the lessee, or the person in possession of each tract in the area. A certificate of the auditor of the county where the lands are located must accompany the petition stating that the persons named in the petition are the owners, lessees, or persons in possession of all of the land described according to the county records. The game refuge must be a contiguous area of at least 640 acres unless

it borders or includes a marsh, or other body of water or watercourse suitable for wildlife habitat.

Sec. 8. Minnesota Statutes 1990, section 97A.085, subdivision 4, is amended to read:

Subd. 4. [ESTABLISHMENT BY PETITION OF COUNTY RESIDENTS.] The commissioner may~~, by order,~~ designate as a game refuge a contiguous area of at least 640 acres, described in a petition, signed by 50 or more residents of the county where the area is located. ~~Before designation, the commissioner must hold a public hearing on the petition. The notices of the time and place of the hearing must be posted in five of the most conspicuous places within the proposed game refuge at least 15 days before the hearing. A notice of the hearing must be published in a legal newspaper in each county where the area is located at least seven days before the hearing.~~ The game refuge may be designated only if the commissioner finds that protected wild animals are depleted and are in danger of extermination, or that it will best serve the public interest.

Sec. 9. Minnesota Statutes 1990, section 97A.085, is amended by adding a subdivision to read:

Subd. 4a. [HEARING REQUIRED.] Before designating a game refuge under this section, the commissioner must hold a public hearing within the county where the majority of the proposed game refuge exists. Notices of the time and place of the hearing must be posted in five conspicuous places within the proposed game refuge at least 15 days before the hearing. A notice of the hearing must be published in a legal newspaper in each county where the area is located at least seven days before the hearing. Designation of a game refuge under this section is not subject to chapter 14.

Sec. 10. Minnesota Statutes 1990, section 97A.085, subdivision 5, is amended to read:

Subd. 5. [GAME REFUGE FOR SPECIFIED GAME.] The commissioner may~~, by order,~~ designate a game refuge under this section for only specified species. The game refuge must be posted accordingly.

Sec. 11. Minnesota Statutes 1990, section 97A.085, subdivision 8, is amended to read:

Subd. 8. [MODIFICATION OR ABANDONMENT.] A state game refuge may be vacated or modified by ~~order of~~ the commissioner under the same procedures required for establishment of the refuge. ~~The commissioner may not vacate or modify boundaries of a state game refuge established under subdivision 4 until the requirements~~

~~of a petition, notice, and hearing have been complied with to vacate or modify the boundaries.~~

Sec. 12. Minnesota Statutes 1991 Supplement, section 97A.093, is amended to read:

97A.093 [HUNTING, TRAPPING, AND FISHING IN SCIENTIFIC AND NATURAL AREAS.]

Except as otherwise provided by law, scientific and natural areas are closed to hunting, trapping, and fishing unless ~~opened by rule of the commissioner.~~:

(1) for scientific and natural areas designated before May 15, 1992, the designating document allows hunting, trapping, or fishing; or

(2) for other scientific and natural areas, the commissioner allows hunting, trapping, or fishing in accordance with the procedure in section 86A.05, subdivision 5, paragraph (d).

Sec. 13. Minnesota Statutes 1990, section 97A.411, subdivision 3, is amended to read:

Subd. 3. [ARCHERY DEER LICENSE.] (a) Except as provided in paragraph (b), a license to take deer by archery issued after the opening of the archery deer season is not valid until the fifth day after it is issued.

(b) The commissioner may issue a license to take a second deer by archery under section 97B.301, subdivision 4, that is valid immediately upon issuance.

Sec. 14. Minnesota Statutes 1990, section 97A.485, subdivision 9, is amended to read:

Subd. 9. [CERTAIN LICENSES NOT TO BE ISSUED AFTER SEASON OPENS.] (a) The following licenses may not be issued after the day before the opening of the related firearms season:

(1) to take deer with firearms or by archery, except a license to take a second deer under section 97B.301, subdivision 4;

(2) to guide bear hunters; and

(3) to guide turkey hunters.

(b) Paragraph (a) does not apply to deer licenses for discharged military personnel under section 97A.465, subdivision 4.

(c) A nonresident license or tag to take and possess raccoon, bobcat, Canada lynx, or fox may not be issued after the fifth day of the open season.

Sec. 15. Minnesota Statutes 1990, section 97C.001, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION.] (a) The commissioner may designate all or part of a lake or stream as experimental waters. The designated experimental waters may not exceed 100 lakes and 25 streams at one time. Only lakes and streams that have a public access may be designated. Designation of experimental waters under this section is not subject to chapter 14.

(b) The commissioner shall by rule establish methods and criteria for public initiation of experimental waters designation and for public participation in the evaluation of the waters designated.

Sec. 16. Minnesota Statutes 1990, section 97C.001, subdivision 3, is amended to read:

Subd. 3. [SEASONS, LIMITS, AND RULES.] The commissioner may, ~~by order~~ in accordance with the procedure in subdivision 2, establish open seasons, limits, methods, and other rules to take fish on experimental waters.

Sec. 17. Minnesota Statutes 1990, section 97C.005, is amended to read:

97C.005 [SPECIAL MANAGEMENT ~~LAKES~~ WATERS.]

(a) The commissioner may, in accordance with the procedure in section 97C.001, subdivision 2:

(1) classify waters for their primary use as trophy lakes, family fishing lakes, special species management lakes, and other designated uses; and

(2) establish open seasons, limits, methods, and other rules to take fish on waters classified under clause (1).

(b) Actions authorized under this section are not subject to chapter 14.

Sec. 18. Minnesota Statutes 1990, section 97C.351, is amended to read:

97C.351 [FISH NETS MUST HAVE TAG ATTACHED.]

A person may not possess a fish net unless specifically authorized or a ~~metal~~ tag is attached bearing the name and address of the owner when the net is not in use and the name and address of the operator when the net is in use, as prescribed by the commissioner. This section does not apply to minnow nets, landing nets, dip nets, and nets in stock for sale by dealers.

Sec. 19. Minnesota Statutes 1990, section 103G.615, subdivision 3, is amended to read:

Subd. 3. [PERMIT STANDARDS.] The commissioner shall, by ~~order~~ rule, prescribe standards to issue and deny permits under ~~subdivision 2~~ this section. The standards must ensure that aquatic plant control is consistent with shoreland conservation ordinances, lake management plans and programs, and wild and scenic river plans.

Sec. 20. Laws 1991, chapter 259, section 25, is amended to read:

Sec. 25. [EFFECTIVE DATE.]

~~This act is~~ Sections 17, 21, and 22 are effective May 15, 1992. Sections 1 to 16, and 18 to 20 are effective July 1, 1992.

Sec. 21. [EFFECTIVE DATE.]

Sections 2, 12 and 20 are effective May 15, 1992. Sections 1, 3 to 11 and 13 to 19 are effective July 1, 1992."

Amend the title as follows:

Page 1, line 21, delete ", as amended"

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2619, A bill for an act relating to state parks; authorizing additions to and deletions from certain state parks; authorizing an easement and regulating campground use at McCarthy Beach state park.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [ADDITIONS TO AND DELETIONS FROM CERTAIN STATE PARKS.]

Subdivision 1. [85.012] [Subd. 12.] CASCADE RIVER STATE PARK, COOK COUNTY. The following area is deleted from Cascade River state park: That part of the West 750 feet of Government Lot 4, Section 32, Township 61 North, Range 1 West, Cook County, Minnesota, lying southerly of the southerly right-of-way line of U.S. Highway 61; including all riparian rights to the contained 1.6 acres, more or less. Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources may sell the land so deleted from the park to adjacent landowners. The land shall be conveyed in a form approved by the attorney general for a consideration of not less than the appraised value.

Subd. 2. [85.012] [Subd. 15.] FATHER HENNEPIN STATE PARK, MILLE LACS COUNTY. The following area is added to Father Hennepin state park: Lot 6, Block 1, Christiansen's Addition to the Village of Isle.

The following area is deleted from Father Hennepin state park: Lot 3, Block 1, Christiansen's Addition to the Village of Isle.

Subd. 3. [85.012] [Subd. 40.] MCCARTHY BEACH STATE PARK, ST. LOUIS COUNTY. The following area is added to McCarthy Beach state park: That part of Government Lot 1 lying southwesterly of the Snake Trail State Forest Road and easterly of the Link Lake/Beatrice Lake State Forest Road; that part of the South Half of the Northeast Quarter and the Northwest Quarter of the Southeast Quarter lying easterly and southerly of the Link Lake/Beatrice Lake State Forest Road; and that part of the Southwest Quarter of the Southeast Quarter lying northerly of Beatrice Lake; all in Section 1, Township 60 North, Range 22 West, Itasca County, Minnesota.

Subd. 4. [85.012] [Subd. 45.] NERSTRAND BIG WOODS STATE PARK, RICE COUNTY. The following area is added to Nerstrand Big Woods state park: The East Half of the Southwest Quarter, the Southwest Quarter of the Southwest Quarter, the East Half of the Northwest Quarter of the Southwest Quarter and the West Half of the Southeast Quarter of Section 3; the South Half of the Southwest Quarter and the South Half of the Southeast Quarter of Section 4; the Southeast Quarter of the Northeast Quarter, the Southeast Quarter of the Southwest Quarter and the Southeast Quarter of Section 8; the West Half of Section 10; the West Half of Section 15; the Northeast Quarter, the Northeast Quarter of the Northwest Quarter and the East Half of the Southeast Quarter of Section 17; all in Township 110 North, Range 19 West, Rice County, Minnesota.

Sec. 2. [MCCARTHY BEACH STATE PARK; EASEMENT; CAMPGROUND.]

(a) A permanent roadway easement shall be granted for landowner access across the Southeast Quarter of the Northeast Quarter of Section 1, Township 60 North of Range 22 West in McCarthy Beach state park. The state accepts no liability for maintenance, snow removal, or any improvements on the roadway.

(b) The campground in McCarthy Beach state park shall remain primitive. Any significant change to the existing uses of the area shall be subject to the same public review process identified in the Minnesota Outdoor Recreation Act of 1975."

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2702, A bill for an act relating to waters; changing the composition of the board of water and soil resource's dispute resolution committee; amending Minnesota Statutes 1990, section 103B.101, subdivision 10.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2769, A bill for an act relating to retirement; providing for the calculation of pension increases for the Virginia police relief association.

Reported the same back with the following amendments:

Page 1, line 7, after "law" insert "to the contrary" and before "the" insert "but subject to Minnesota Statutes, section 69.77, subdivision 1,"

Page 1, line 14, delete "shall" and insert "must"

Page 1, line 22, delete "beneficiaries would then" and insert "benefit recipients must"

Page 1, line 23, after the period insert "For deferred service pensioners, the percentage must be applied to the initially calculated deferred service pension amount, plus any prior percentage increases granted since the date on which the deferred service pensioner terminated active service."

Page 1, delete lines 24 and 25 and insert "The increase also must be granted to the three benefit recipients who had no automatic postretirement adjustments payable as of December 31, 1991."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2776, A bill for an act relating to telecommunications; establishing a grant and loan program to assist political subdivisions of the state and other public entities to participate in regional or statewide telecommunications systems; authorizing the issuance and sale of state bonds for the program; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [TELECOMMUNICATIONS GRANT AND LOAN PROGRAM.]

Subdivision 1. [ADMINISTRATION.] The commissioner of trade and economic development and the commissioner of administration shall develop a statewide competitive grant and loan program to assist political subdivisions of the state and other public entities to develop site facilities that will allow them to participate in the statewide telecommunications access routing system. Money available for the program must be allocated evenly among the economic development regions of the state defined by the commissioner of trade and economic development. Up to half of the money must be used for grants. The remainder must be used for interest-free loans.

Subd. 2. [RESTRICTIONS ON USE OF MONEY.] Loan and grant money under the program may be used for on-site construction and renovation costs, on-site design and engineering costs, and on-site

equipment costs. Money may not be used to purchase off-site telecommunications transmission facilities and equipment.

Subd. 3. [REGIONAL ADVISORY GROUPS.] The commissioners shall appoint a regional telecommunications advisory group for each economic development region. A regional telecommunications advisory group must include, at a minimum, representation from health care providers, elementary and secondary education, post-secondary education, city or county government, the judicial system, state agencies that have offices or facilities in the region, and local telecommunications providers. In addition, an advisory group's membership must reflect broad geographic representation from within the region.

Subd. 4. [DISTRIBUTION OF GRANTS AND LOANS.] (a) The commissioners shall select recipients of grants and loans, giving preference to applicants that are working collaboratively in multiagency, multicommunity consortiums. In order to be eligible for a grant or loan under the program, a project must meet all of the following criteria:

(1) the project must be designed to improve opportunities and quality of life for residents of the surrounding community or region by providing access to improved educational, job training, health care, or other opportunities or services provided in the public sector;

(2) the project must be designed to fit into a comprehensive telecommunications plan for the surrounding community and region;

(3) the project must have been approved by a regional telecommunications advisory group appointed under subdivision 3;

(4) the applicant must possess, or have developed a plan to acquire, the technical expertise necessary to carry out the project;

(5) the need for improved educational, medical, and other public sector services in the project area must be well documented;

(6) the project can serve as a model to be replicated in or applied to other areas, and the applicant agrees to share information with other public sector organizations regarding the progress and outcome of the project; and

(7) the applicant can demonstrate financial need.

In determining whether projects meet the criterion set out in clause (2), the commissioners shall give preference to plans that maximize public access for the region.

(b) Of applicants that satisfy the criteria in paragraph (a), the commissioners shall give preference to: (1) applicants that can demonstrate that receipt of a grant or loan through the program will help them obtain additional funding from other sources; and (2) projects proposed for areas in which the per capita personal income is below the state average, with the greatest preference going to projects proposed for areas with the lowest per capita income.

(c) Awards may be in the form of loans, matching grants, or unmatched grants.

(d) The commissioners shall administer the program in a minimum of two application and grant cycles a year, with the first round of awards to be announced no later than August 1, 1992. Any money designated for an economic development region that is not awarded within that region in earlier cycles is available in the final cycle of the year to qualified applicants in all regions.

Subd. 5. [REVOLVING ACCOUNT.] Money appropriated for the program and repayments of loans must be deposited in the state treasury and credited to an account in the special revenue fund. Money in the account is appropriated to the commissioner of trade and economic development to establish and operate a pool for additional grants or loans. In addition, money in the account is to be used to pay costs incurred by the commissioner of trade and economic development and the commissioner of administration to administer the program.

Sec. 2. [SALE OF BONDS.]

The commissioner of finance, on request of the governor, shall issue and sell bonds of the state in an amount up to $3,500,000. The commissioner shall issue and sell the bonds in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and the Minnesota Constitution, article XI.

Sec. 3. [APPROPRIATION.]

$3,500,000 is appropriated from the bond proceeds fund to the commissioner of trade and economic development for purposes of section 1."

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

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 2829, A bill for an act relating to local government; city of Hutchinson; providing for the adoption by the city of a special service district.

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

The report was adopted.

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

H. F. No. 2848, A bill for an act relating to state government; ratifying labor agreements; providing for classification changes for certain employees; requiring a report to the legislature; amending Minnesota Statutes 1990, section 21.85, subdivision 2; Minnesota Statutes 1991 Supplement, sections 43A.08, subdivisions 1 and 1a; and 349A.02, subdivision 4.

Reported the same back with the following amendments:

Page 3, line 3, delete "higher" and insert "technical college"

Page 3, line 4, delete "education coordinating"

Page 3, after line 29, insert:

"Subd. 19. [STATE UNIVERSITY FACULTY.] The labor agreement between the state of Minnesota and the inter-faculty organization, approved by the legislative commission on employee relations on March 9, 1992, is ratified.

Subd. 20. [STATE UNIVERSITY ADMINISTRATIVE UNIT.] The labor agreement between the state of Minnesota and the Minnesota state university association of administrative and service faculty, approved by the legislative commission on employee relations on March 9, 1992, is ratified.

Subd. 21. [STATE UNIVERSITY UNREPRESENTED EMPLOYEES PLAN.] The plan for unrepresented employees of the state university system, as approved by the department of employee relations on March 9, 1992, and by the legislative commission on employee relations on March 9, 1992, is ratified."

With the recommendation that when so amended the bill pass.

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 2891, A bill for an act relating to commerce; unclaimed property; providing for the recovery of property by others; amending Minnesota Statutes 1991 Supplement, section 345.485.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Pursuant to rule 9.03, H. F. No. 2891 was re-referred to the Committee on Rules and Legislative Administration.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 2904, A bill for an act relating to commerce; changing the penalty for selling tobacco to a child; adding a penalty for the purchase of or an attempt to purchase tobacco by a child; amending Minnesota Statutes 1990, section 609.685, subdivisions 1a and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 609.685, subdivision 3, is amended to read:

Subd. 3. [PETTY MISDEMEANOR.] Whoever uses, purchases, or attempts to purchase tobacco or tobacco related devices and is under the age of 18 years is guilty of a petty misdemeanor. This subdivision does not apply to a person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco related devices if authorized or supervised by a law enforcement agency."

Delete the title and insert:

"A bill for an act relating to commerce; adding a penalty for the purchase of or an attempt to purchase tobacco by a child; amending Minnesota Statutes 1990, section 609.685, subdivision 3."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2924, A bill for an act relating to licensure board powers; amending the examination procedure for licensing optometrists; amending Minnesota Statutes 1990, section 148.57, subdivision 1.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2927, A bill for an act relating to human services; requiring the commissioner to contract with a prepaid dental plan company to provide dental services to recipients of medical assistance, general assistance medical care, and the children's health plan; amending Minnesota Statutes 1990, section 256B.0625, subdivision 9.

Reported the same back with the following amendments:

Page 2, after line 27, insert:

"(c) Nothing in this section affects the commissioner's authority to contract under sections 256B.031, 256B.035, and 256D.03, subdivision 4, paragraph (c)."

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

The report was adopted.

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

H. F. No. 2928, A bill for an act relating to human services; clarifying and expanding restrictions on giving away assets or income to gain eligibility for medical assistance; requiring an institutionalized spouse on medical assistance to use available

income and assets for health care and personal needs; permitting medical assistance liens against real property; prohibiting trust clauses that make trust assets unavailable to a beneficiary if the beneficiary becomes eligible for medical assistance; amending Minnesota Statutes 1990, sections 256B.059, subdivision 5; 256B.0595, subdivision 1; 256B.15, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 501B.

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

The report was adopted.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 2944, A resolution memorializing the television networks to actively reduce the amount of violence-laden, sexually explicit material on television programs and to produce television material that promotes wholesome family values and helps to strengthen the family.

Reported the same back with the following amendments:

Page 2, line 8, delete everything before "helps"

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to rule 9.03, H. F. No. 2944 was re-referred to the Committee on Rules and Legislative Administration.

Sarna from the Committee on Commerce to which was referred:

H. F. No. 2950, A bill for an act relating to commerce; regulating the real estate, education, research, and recovery fund; amending Minnesota Statutes 1990, section 82.34, subdivisions 3, 4, 7, 9, 11, 13, and 14; repealing Minnesota Statutes 1990, section 82.34, subdivision 20.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1990, section 80A.14, subdivision 4, is amended to read:

Subd. 4. [BROKER-DEALER.] "Broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others or for that person's own account. "Broker-dealer" includes a real estate broker or agent licensed under chapter 82 who sells a vendor's interest in more than ten contracts for deed during any period of 12 consecutive months. "Broker-dealer" does not include:

(1) an agent;

(2) an issuer;

(3) a trust company; or

(4) a bank, savings institution, savings and loan association

(i) acting for the account of others, provided that such activities are conducted in compliance with such rules as may be adopted by the commissioner;

(ii) acting for its own account; or

(iii) acting in a fiduciary capacity pursuant to the powers and privileges described by sections 48.36 to 48.49 or United States Code, title 12, section 92(a);

(5) a person who has no place of business in this state if that person effects transactions in this state exclusively with or through (i) the issuers of the securities involved in the transactions, (ii) other broker-dealers, or (iii) banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit sharing trusts, or other financial institutions or institutional buyers, or to broker-dealers, whether the purchaser is acting for itself or in some fiduciary capacity; or

(6) other persons not within the intent of this subsection whom the commissioner by rule or order designates.

Sec. 2. Minnesota Statutes 1990, section 82.19, is amended by adding a subdivision to read:

Subd. 7. [SECURITIES SOLD BY BUSINESSES OUTSIDE SCOPE OF LICENSING.] A license issued under this chapter does not allow a licensee to engage in the business of buying, selling, negotiating, brokering, or otherwise dealing in contracts for deed, mortgages, or other evidence of indebtedness regarding real estate,

except that a licensee may, if there is no additional compensation, and if the licensee represents the seller, buyer, lessor, or lessee in the sale, lease, or exchange of real estate, arrange for the sale of a contract, mortgage, or similar evidence of indebtedness for the subject property."

Page 2, line 35, strike "per year" and after the period insert "An aggrieved person who has a cause of action under section 80A.23 shall first seek recovery as provided in section 80A.05, subdivision 5, before the court may order payment from the recovery fund."

Page 5, line 14, delete "section" and insert "subdivision"

Page 6, after line 8, insert:

"Sec. 11. [PENDING CLAIMS.]

The change in the per year limit contained in section 5 does not apply to a cause of action that was commenced before August 1, 1992."

Page 6, line 13, delete "9" and insert "12"

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 4, delete "section" and insert "sections 80A.14, subdivision 4; 82.19, by adding a subdivision; and"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2967, A bill for an act relating to human services; modifying requirements for earned income savings accounts for residents of residential facilities; requiring the signature of a representative of the residential facility before money may be withdrawn; amending Minnesota Statutes 1991 Supplement, section 256D.06, subdivision 1b.

Reported the same back with the following amendments:

Page 1, line 26, delete the new language

Page 2, line 1, delete "must be established in such a way that" and insert "For individuals residing in a chemical dependency program licensed under Minnesota Rules, part 9530.4100, subpart 22, item D," and after "withdrawals" insert "from the savings account"

Page 2, line 2, after "and" insert "for those individuals with" and delete the second "of" and insert "payee, the signature of the payee."

Page 2, line 3, delete the new language

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

S. F. No. 735, A bill for an act relating to state government; increasing the amount of vacation time that certain state employees can donate to bargaining representatives; amending Minnesota Statutes 1990, section 43A.04, subdivision 8.

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

The report was adopted.

Anderson, I., from the Committee on Local Government and Metropolitan Affairs to which was referred:

S. F. No. 1633, A bill for an act relating to the city of Bloomington; providing for the membership of the port authority; amending Minnesota Statutes 1990, section 469.071, by adding a subdivision.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 487, 1861, 1884, 1938, 1980, 2013, 2025, 2028, 2051, 2181, 2225, 2231, 2265, 2287, 2312, 2343, 2368, 2445, 2474, 2612, 2619, 2702, 2769, 2848, 2904, 2924, 2928, 2950 and 2967 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 735 and 1633 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Anderson, I.; Jacobs; Winter and Steensma introduced:

H. F. No. 2982, A bill for an act relating to taxation; providing that certain improvements to travel trailer and park trailer sites are taxed as personal property; amending Minnesota Statutes 1991 Supplement, section 272.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 273.

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

Greenfield introduced:

H. F. No. 2983, A bill for an act relating to corrections; requiring the commissioner of corrections to establish a challenge incarceration program for young, nonviolent offenders with controlled substance abuse problems; providing that the program must provide strenuous physical exercise, manual labor, and military drill and ceremony; providing intensive supervised release for inmates who successfully complete the program; proposing coding for new law in Minnesota Statutes, chapter 244.

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

Brown introduced:

H. F. No. 2984, A bill for an act relating to health; amending the

clean indoor air act; amending Minnesota Statutes 1990, sections 144.413, subdivision 2, and by adding subdivisions; 144.414, subdivision 3; and 144.417, subdivisions 1 and 2.

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

Brown introduced:

H. F. No. 2985, A bill for an act relating to health; amending the clean indoor air act; amending Minnesota Statutes 1990, sections 144.413, subdivision 2, and by adding subdivisions; 144.414, subdivision 3, and by adding a subdivision; and 144.417, subdivisions 1 and 2.

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

Brown introduced:

H. F. No. 2986, A bill for an act relating to health; amending the clean indoor air act; amending Minnesota Statutes 1990, sections 144.413, subdivision 2, and by adding subdivisions; 144.414, subdivision 3, and by adding a subdivision; and 144.417, subdivisions 1 and 2.

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

Munger, Wagenius, Pauly, Blatz and McGuire introduced:

H. F. No. 2987, A resolution memorializing the President to take action at the Earth Summit to address global environmental concerns.

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

Rest, Long, Jacobs, Peterson and Garcia introduced:

H. F. No. 2988, A bill for an act relating to state government; providing that the attorney general may adopt procedures to collect state debts and obligations; establishing a revolving fund for collections; proposing coding for new law in Minnesota Statutes, chapter 8.

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

Peterson, Brown, Koppendrayer, Ogren and Olson, K., introduced:

H. F. No. 2989, A bill for an act relating to armories; providing for the transfer of closed armories to municipalities and counties; providing planning and construction grants for reusing transferred armories; releasing municipalities and counties that acquire armories from certain liabilities; appropriating money.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Murphy introduced:

H. F. No. 2990, A bill for an act relating to property tax aids; modifying disparity reduction aid to counties; extending the taconite homestead credit to certain property; amending Minnesota Statutes 1990, sections 273.134; 273.135, subdivisions 1 and 3, and by adding a subdivision; 273.136, subdivision 2; and 275.07, subdivision 3; Minnesota Statutes 1991 Supplement, section 273.1398, subdivision 3.

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

O'Connor, by request, and Farrell, by request, introduced:

H. F. No. 2991, A bill for an act relating to taxation; property; providing a credit for certain property assessed at a value greater than its sale price; proposing coding for new law in Minnesota Statutes, chapter 273.

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

Runbeck; Jacobs; Morrison; Olsen, S., and Bodahl introduced:

H. F. No. 2992, A bill for an act relating to taxation; real property; decreasing the class rate on manufactured home parks; amending Minnesota Statutes 1991 Supplement, section 273.13, subdivision 25.

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

Sparby introduced:

H. F. No. 2993, A bill for an act relating to the city of Thief River Falls; permitting a local sales tax.

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

Mariani introduced:

H. F. No. 2994, A bill for an act relating to higher education; providing for a public post-secondary student's bill of rights; proposing coding for new law in Minnesota Statutes, chapter 135A.

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

Dempsey introduced:

H. F. No. 2995, A bill for an act relating to education; limiting teacher salary increases if a contract has not been settled by a certain date; amending Minnesota Statutes 1990, section 124A.22, subdivision 2a.

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

Welker introduced:

H. F. No. 2996, A bill for an act relating to the city of Redwood Falls; requiring the commissioner of finance to refund an industrial revenue bond application fee; appropriating money.

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

Gruenes and Goodno introduced:

H. F. No. 2997, A bill for an act relating to education; providing for summer school for financial aid purposes; amending Minnesota Statutes 1990, section 136A.121, subdivision 10.

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

Solberg and Anderson, I., introduced:

H. F. No. 2998, A bill for an act relating to taxation; providing that Itasca county may levy for economic development purposes outside of levy limits; amending Laws 1989, First Special Session chapter 1, article 5, section 50, as amended.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam 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. 155, A bill for an act relating to traffic regulations; authorizing immediate towing of certain unlawfully parked vehicles; amending Minnesota Statutes 1990, section 169.041, subdivision 4.

The Senate has appointed as such committee:

Mrs. Brataas, Mr. Novak and Ms. Flynn.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

S. F. No. 2514.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2514, A bill for an act relating to the Yellow Medicine county hospital district; providing for hospital board membership

and elections; amending Laws 1963, chapter 276, sections 2, subdivision 2, and by adding subdivisions; and 4.

The bill was read for the first time.

Peterson moved that S. F. No. 2514 and H. F. No. 2658, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Welle moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

CONSENT CALENDAR

Welle moved that the bills on the Consent Calendar for today be continued. The motion prevailed.

SPECIAL ORDERS

Welle moved that the bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Welle moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Simoneau moved that the name of Ostrom be added as an author on H. F. No. 2420. The motion prevailed.

Rest moved that the name of Ogren be added as chief author on H. F. No. 2940. The motion prevailed.

Pugh moved that the name of Pelowski be shown as chief author and that the words "by request" after Pelowski's name be stricken on H. F. No. 2941. The motion prevailed.

Reding moved that H. F. No. 2848, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Dawkins moved that H. F. No. 2950, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Reding moved that H. F. No. 2368, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Sparby moved that H. F. No. 2993 be recalled from the Committee on Local Government and Metropolitan Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Murphy moved that H. F. No. 2513 be returned to its author. The motion prevailed.

Hartle moved that H. F. No. 1937 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 1927 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 2303 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 2721 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 2722 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 2739 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 2740 be returned to its author. The motion prevailed.

Stanius moved that H. F. No. 2751 be returned to its author. The motion prevailed.

ADJOURNMENT

Welle moved that when the House adjourns today it adjourn until 1:00 p.m., Tuesday, March 24, 1992. The motion prevailed.

Welle moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Tuesday, March 24, 1992.

EDWARD A. BURDICK, Chief Clerk, House of Representatives