

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1992

NINETY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 9, 1992

The House of Representatives convened at 2:00 p.m. and was called to order by Dee Long, Speaker of the House.

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

The roll was called and the following members were present:

Abrams	Frederick	Kelso	Olsen, S.	Skoglund
Anderson, I.	Frerichs	Kinkel	Olson, E.	Smith
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Solberg
Anderson, R. H.	Girard	Koppendrayer	Omann	Sparby
Battaglia	Goodno	Krambeer	Onnen	Stanislaus
Bauerly	Greenfield	Krinkie	Orenstein	Steensma
Beard	Gruenes	Krueger	Orfield	Sviggum
Begich	Gutknecht	Lasley	Osthoff	Swenson
Bertram	Hanson	Leppik	Ostrom	Thompson
Bettermann	Hartle	Lieder	Ozment	Tompkins
Bishop	Hasskamp	Limmer	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	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	Kahn	O'Connor	Segal	
Farrell	Kalis	Ogren	Simoneau	

A quorum was present.

Marsh was excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Bertram moved that further reading of the Journal be dis-

pensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 7, 1992

The Honorable Dee Long
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Long:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 1249, relating to the city of St. Paul; providing certain economic development authority.

H. F. No. 2704, relating to state government; increasing the size of the council on Black Minnesotans and the council on Asian-Pacific Minnesotans; providing for representation of various Asian-Pacific communities on the council.

H. F. No. 2377, relating to education; authorizing recipients of a cooperative secondary facilities grant to have a temporary school board structure after they consolidate.

H. F. No. 2465, relating to veterans; clarifying the definition of "veteran;" clarifying procedures for searches of veterans' home residents' rooms or property.

H. F. No. 1969, relating to alcoholic beverages; prohibiting the city of Bloomington from prohibiting certain retail sales of alcoholic beverages.

H. F. No. 1862, relating to the city of Minneapolis; extending

authority to guarantee certain loans; eliminating community resource funding for way to grow program.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Jerome M. Hughes
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1992 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1992</i>	<i>Date Filed 1992</i>
2421		405	9:10 a.m. April 7	April 8
2117		406	9:14 a.m. April 7	April 8
	1249	407	4:57 p.m. April 7	April 8
	2704	408	1:48 p.m. April 7	April 8
	2377	409	2:50 p.m. April 7	April 8
	2465	410	2:52 p.m. April 7	April 8
	1969	411	2:54 p.m. April 7	April 8
	1862	412	2:55 p.m. April 7	April 8
1997		413	2:53 p.m. April 7	April 8
2001		414	2:57 p.m. April 7	April 8
2301		415	2:58 p.m. April 7	April 8
1671		416	2:59 p.m. April 7	April 8
2124		417	2:59 p.m. April 7	April 8

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Osthoff from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 176, A resolution memorializing the Congress of the United States to propose an amendment to the United States Constitution, for ratification by the states, specifying that Congress and the states shall have the power to prohibit the physical desecration of the flag of the United States.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Rules and Legislative Administration without further recommendation.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1453, A bill for an act relating to wastewater treatment funding; requiring governmental subdivisions to evaluate annually their wastewater disposal system needs; establishing a program of supplemental financial assistance for the construction of municipal wastewater disposal systems; amending Minnesota Statutes 1990, section 115.03, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 116; and 446A.

Reported the same back with the following amendments:

Page 11, after line 11, insert:

“Sec. 5. [METROPOLITAN DISPOSAL SYSTEM RATE STRUCTURE STUDY.]

Subdivision 1. [COUNCIL CONTRACT WITH THE UNIVERSITY.] The metropolitan council shall contract with the board of regents of the University of Minnesota to conduct the study described in this section. The contract amount may not exceed \$100,000. The council and the metropolitan waste control commission shall cooperate with and as requested by the university as it conducts the study. Council costs, including the contract costs incurred by the council, shall be paid for by the metropolitan waste control commission under Minnesota Statutes, section 473.164.

Subd. 2. [STUDY.] The university shall study the allocation of current costs, as defined in Minnesota Statutes, section 473.517, subdivision 1, among local government units in the metropolitan

area in order to examine the social, economic, and environmental effects resulting from (1) the allocation of current costs to communities within service areas for which the costs are attributable versus, and (2) the allocation of current costs to communities uniformly throughout the metropolitan area. The study may consider various configurations of service areas, and must consider service areas reasonably consistent with the council's geographic policy areas, as defined in the council's development and investment framework. The study must specifically address the effects of alternative cost allocation methods on the council-defined fully developed area. The study may consider effects arising from the location and placement of other infrastructure elements on the fully developed and developing areas.

Subd. 3. [REPORTS TO THE LEGISLATURE.] The council shall submit the university's study report to the legislature along with the council's and the commission's comments on the study report by January 4, 1993.

Sec. 6. Laws 1991, chapter 183, section 1, is amended to read:

Section 1. [FULLY DEVELOPED AREA; STUDY.]

The metropolitan council must conduct a study of the development patterns and needs in the council-defined fully developed area. The council must direct its staff to:

(1) examine both the development patterns and the migration patterns in the fully developed area that have occurred in the last 20 years with special attention to household composition;

(2) compare the relative public costs of redevelopment in the fully developed area with the costs of development within the council-defined developing area. This work should include, but is not limited to, transportation and transit, wastewater treatment, public safety services, housing, and education;

(3) examine the changing demographics of the fully developed area and other areas within the metropolitan region, and make projections regarding the economic and social condition of the fully developed area;

(4) examine the anticipated effects of a light rail transit system on the economic and social condition of the fully developed area; and

(5) recommend changes that would encourage the economic and social strengthening of the fully developed area.

In conducting its study, the council must use, along with other information, any available data from the 1990 census. The council must present its the analysis, findings, and preliminary policy options and recommendations identified by council staff to the legislature by February 15, 1994. The council must also present interim briefings to the legislature on work in progress at least annually between the effective date of this act and the completion of the study.

Sec. 7. [EFFECTIVE DATE; APPLICATION.]

Sections 5 and 6 are effective the day following final enactment and apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Amend the title as follows:

Page 1, line 6, after the semicolon insert "requiring a metropolitan disposal system rate structure study; regulating the fully developed area study;"

Page 1, line 8, after the semicolon insert "Laws 1991, chapter 183, section 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1838, A bill for an act relating to the environment; forgiving advances and loans made under a pilot litigation loan project relating to wastewater treatment.

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

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1895, A bill for an act relating to state government; establishing an ambulance service personnel longevity award and incentive program; redirecting proceeds of a driver's license surtax; appropriating money; amending Minnesota Statutes 1991 Supplement, sections 171.06, subdivision 2b; 353D.01, subdivision 2; 353D.02; 353D.03; 353D.05, subdivisions 1 and 3; and 353D.06; proposing coding for new law as Minnesota Statutes, chapter 356B; repealing Minnesota Statutes 1991 Supplement, sections 353D.01, subdivisions 1a and 1b; 353D.021; 353D.031; 353D.051; and 353D.091; and Laws 1991, chapter 291, article 19, section 11.

Reported the same back with the following amendments:

Page 8, delete lines 18 to 22 and insert:

"In fiscal year 1993, the commissioner of health may expend up to \$40,000 of the proceeds of the driver's license surtax for the expenses of administering the longevity award and incentive program, as well as up to \$45,000 for the purpose of redesigning and consolidating the volunteer ambulance attendant reimbursement data base and the data base for the personnel longevity award and incentive program and purchase of computer equipment.

In fiscal year 1994 and beyond, reasonable and necessary expenses of administering the ambulance service longevity award and incentive program may be expended by the commissioner of health from the trust account established in section 3. Administrative expenses may not exceed three percent of the proceeds of the driver's license surtax for that year."

Page 13, delete line 13 and insert:

"Section 1 is effective January 1, 1993. Sections 2 to 8 are effective July 1, 1992."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1965, A bill for an act relating to natural resources; providing for the management of ecologically harmful exotic species; requiring rulemaking; providing penalties; appropriating money; amending Minnesota Statutes 1990, sections 18.317, subdivisions 1, 2, 3, 5, and by adding a subdivision; 86B.401, subdivision 11; Minnesota Statutes 1991 Supplement, sections 84.9691; and 86B.415, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 84.

Reported the same back with the following amendments:

Page 1, after line 20, insert:

"Sec. 2. Minnesota Statutes 1990, section 18.317, is amended by adding a subdivision to read:

Subd. 1a. [PLACEMENT PROHIBITED.] A person may not intentionally place ecologically harmful exotic species, as defined in section 84.967, in public waters within the state."

Page 2, after line 15, insert:

“(c) A commercial harvester shall clean aquatic plant harvesting equipment of all aquatic vegetation at a suitable location before launching the equipment in another body of water.”

Page 2, line 20, delete “which”

Page 2, line 21, delete “are identified” and insert “that the commissioner of natural resources identifies”

Page 2, line 24, after “be” insert “randomly” and delete everything after “inspected”

Page 2, delete lines 25 to 36

Page 3, delete lines 1 and 2 and insert “between May 1 and October 15 for a minimum of 10,000 hours by personnel authorized by the commissioner of natural resources.”

Page 3, line 6, after the first comma insert “1a,”

Page 4, line 1, delete everything after “provides”

Page 4, line 2, delete “that provide”

Page 4, lines 17 to 20, strike the old language and insert “The commissioner of natural resources may adopt emergency rules restricting the introduction, propagation, use, possession, and spread of ecologically harmful exotic animals and aquatic plants in the state. The emergency rulemaking authority granted in this paragraph expires July 1, 1994.”

Page 4, delete lines 25 to 28

Page 5, delete lines 15 to 18, and insert:

“\$438,000 is appropriated from the water recreation account in the natural resources fund to the commissioner of natural resources for control, public awareness, law enforcement, monitoring, and research of nuisance exotic aquatic species in public waters.

Of this amount, \$80,000 may be used to conduct access inspections under section 5.

Sec. 12. [EFFECTIVE DATE.]

The emergency rulemaking authority in section 8 is effective the day following final enactment.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, delete "a subdivision" and insert "subdivisions"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1977, A bill for an act relating to water; requiring criteria for water deficiency declarations; prohibiting the use of groundwater for lake level maintenance; requiring review of water appropriation permits; requiring metropolitan area contingency planning for water shortages; changing water appropriation permit requirements; requiring changes to the metropolitan area water supply plan; requiring reports to the legislature; appropriating money; amending Minnesota Statutes 1990, sections 103G.101, subdivision 1; 103G.261; 103G.271, by adding subdivisions; 103G.281, subdivision 3, and by adding a subdivision; 103G.285, subdivision 1; 115.03, subdivision 1; 473.175, subdivision 1; 473.851; 473.858, by adding a subdivision; and 473.859, subdivisions 3, 4, and by adding a subdivision; Minnesota Statutes 1991 Supplement, section 473.156, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 19, insert:

"Section 1. Minnesota Statutes 1990, section 103G.005, is amended by adding a subdivision to read:

Subd. 11a. [METROPOLITAN AREA.] "Metropolitan area" means the area comprised of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Page 3, line 12, after "all" insert "municipal"

Page 3, line 13, after "permits" insert "in the metropolitan area"

Page 3, after line 14, insert:

"(3) develop a plan for reviewing permits outside the metropolitan area on a regular basis;"

Page 3, line 15, delete “(3)” and insert “(4)”

Page 3, line 20, delete “(4)” and insert “(5)”

Page 3, line 20, delete “and implement”

Page 3, line 22, delete “(5)” and insert “(6)”

Page 4, line 1, delete “revoked” and insert “modified”

Page 4, delete section 8

Page 10, lines 19 to 28, delete the new language

Page 10, line 29, delete “(4)”

Page 10, line 32, after “the area” reinstate the stricken “; and”

Page 10, lines 33 and 34, reinstate the stricken language

Page 14, line 33, delete “commissioner of the pollution control agency and” and insert “metropolitan council,”

Page 14, line 34, after “resources” insert “, and the commissioner of agriculture”

Page 15, delete section 19

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 10, delete “appropriating money;”

Page 1, line 11, after “sections” insert “103G.005, by adding a subdivision;”

Page 1, line 13, delete everything after the semicolon

Page 1, line 14, delete everything before “115.03”

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1989, A bill for an act relating to Traverse county; excusing the county from the obligation to pay certain fees to the attorney general.

Reported the same back with the following amendments:

Page 1, line 7, before "Fees" insert "The outstanding balance for"

Page 1, line 9, delete "the effective date of this"

Page 1, line 10, delete "section" and insert "January 1, 1992,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 2150, A bill for an act relating to waste management; defining postconsumer material; emphasizing and clarifying waste reduction; setting requirements for use of labels on products and packages indicating recycled content; amending provisions related to designation of waste; strengthening the requirement for pricing of waste collection based on volume or weight of waste collected; requiring recycled content in and recyclability of telephone directories and requiring recycling of waste directories; requiring labeling of rechargeable batteries; requiring studies on automobile waste, construction debris, and used motor oil; and making various other amendments and additions related to solid waste management; amending Minnesota Statutes 1990, sections 16B.121; 115.071, subdivision 1; 115A.03, subdivision 36a, and by adding subdivisions; 115A.07, by adding a subdivision; 115A.557, subdivision 3; 115A.63, subdivision 3; 115A.81, subdivision 2; 115A.87; 115A.93, by adding a subdivision; 115A.981; 325E.12; 325E.125, subdivision 1; and 473.844, subdivision 4; Minnesota Statutes 1991 Supplement, sections 16B.122, subdivision 2; 115A.02; 115A.15, subdivision 9; 115A.411, subdivision 1; 115A.83; 115A.9157, subdivision 5; 115A.93, subdivision 3; 115A.931; 325E.1251, subdivision 2; and 473.849; Laws 1991, chapter 337, section 90; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; and 325E.

Reported the same back with the following amendments:

Page 3, delete lines 18 to 24, and insert:

“A public entity shall purchase and use degradable loose foam packing material manufactured from vegetable starches, unless the cost of the packing material is more than ten percent greater than the cost of packing material made from other”

Page 3, line 26, before “material” insert “loose foam”

Page 3, line 32, delete “, and”

Page 3, line 33, delete the new language

Page 5, line 18, after “enforced” insert “by the commissioner”

Page 5, line 22, delete “RULES” and insert “GUIDELINES”

Page 5, line 25, delete everything after “persons,” and insert “shall establish guidelines for uniform collection and reporting of”

Page 5, delete line 26

Page 5, line 30, delete everything after the period

Page 5, delete lines 31 and 32

Page 5, line 33, delete everything before “all” and delete “in the”

Page 5, line 34, delete “state” and insert “shall follow the guidelines established under this subdivision”

Page 13, line 29, after “protection” insert “, including a discussion of how prices are publicly and privately subsidized and how identified costs of waste management are not reflected in the prices”

Delete page 13, line 30 to page 14, line 6, and insert:

“(2) a discussion of how the market structure for solid waste management influences prices, considering:

(i) changes in the solid waste management market structure;

(ii) the relationship between public and private involvement in the market; and

(iii) the effect on market structures of waste management laws and rules; and

(3) any recommendations for regulations strengthening or improving the market structure for solid waste management to ensure protection of human health and the environment, taking into account the preferred waste management practices listed in section 115A.02 and considering the experiences of other states.

(b) In preparing the report, the agency commissioner shall:

(1) consult with the director; the metropolitan council; local government units; solid waste collectors, transporters, and processors; owners and operators of solid waste disposal facilities; and other interested persons;

(2) consider information received under subdivision 2; and

(3) analyze information gathered and comments received relating to the most recent solid waste management policy report prepared under section 115A.411.

The commissioner shall also recommend any legislation necessary to ensure adequate and reliable information needed for preparation of the report.

(c) If an action recommended by the commissioner under paragraph (a) would significantly affect the solid waste management market structure, the commissioner shall, in consultation with the entities listed in paragraph (b), clause (1), prepare and include in the report an analysis of the potential impacts and effectiveness of the action, including impacts on:

(1) the public and private waste management sectors;

(2) future innovation and responsiveness to new approaches to solid waste management; and

(3) the costs of waste management."

Page 14, line 7, before "The" insert "(d)"

Pages 14 and 15, delete sections 26 and 27

Page 15, delete section 29

Page 17, line 31, delete "study" and insert "gather information about" and delete everything after "debris" and insert ", including"

Page 17, line 32, delete "determine"

Page 17, line 35, delete everything before "to" and insert "summarize the information and present the summary"

Page 18, after line 18, insert:

"Sec. 34. [DEGRADABLE LOOSE PACKING MATERIAL; STUDY.]

The director of the office of waste management, in consultation with the commissioner of agriculture, shall evaluate the relative economic, recycling, and waste management advantages and disadvantages of loose packing material manufactured from vegetable starches and loose packing material manufactured from petroleum products. The director shall report the findings of the evaluation, along with any legislative recommendations the director deems necessary, to the legislative commission on waste management by January 1, 1993."

Page 18, after line 25, insert:

"Section 3 is effective August 1, 1993."

Page 18, delete line 34

Page 18, line 35, delete "30" and insert "27"

Page 18, line 36, delete "33" and insert "30"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "authorizing the director of the office of waste management to establish guidelines for reporting;"

Page 1, delete line 12

Page 1, line 15, after the first comma insert "degradable packing material,"

Page 1, line 18, delete everything before "amending"

Page 1, line 24, delete "325E.12;"

Page 1, line 29, delete "325E.1251, subdivision 2;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 2335, A bill for an act relating to state government; department of administration; changing the government data classification of requests for proposals; modifying the encumbrance process for agency construction projects; modifying authority for building maintenance and leasing; changing requirements for certain agency purchases; amending administration of STARS; changing the date for the department of administration to report recycling goals; providing that the department may retain money from successful litigation; amending auditing requirements for noncommercial radio stations; extending the date for relocating the state printing operation; making various technical changes; amending Minnesota Statutes 1990, sections 13.37, subdivision 2; 16A.15, subdivision 3; 16B.09, by adding a subdivision; 16B.121; 16B.24, subdivisions 1, 5, and 6; 16B.31, by adding a subdivision; 16B.33, subdivision 3; 16B.40, subdivision 8; 16B.465, subdivisions 2, 3, and 6; 16B.58, subdivision 5; 129D.14, subdivisions 3, 4, and 6; Minnesota Statutes 1991 Supplement, sections 16B.19, subdivision 2b; 103B.311, subdivision 7; 115A.15, subdivision 9; and 138.94, subdivision 1; and Laws 1991, chapter 345, article 1, section 17, subdivision 4.

Reported the same back with the following amendments:

Pages 1 and 2, delete section 1

Page 3, line 7, delete "Notwithstanding paragraph (a) or (b),"

Page 3, line 10, after "work" insert "within the limits of the appropriation"

Page 5, line 15, after the period insert "The commissioner shall enforce the provisions of subdivision 9 in the state capitol building and in the state office building."

Pages 6 to 8, delete section 8

Page 16, line 54, delete "14" and insert "12" and delete "13" and insert "11"

Page 16, line 55, delete "15 to 23" and insert "13 to 21"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete everything after the semicolon

Page 1, line 4, delete everything before "modifying"

Page 1, lines 15 and 16, delete "13.37, subdivision 2;"

Page 1, lines 17 and 18, delete ", 5, and 6" and insert "and 5"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 2437, A bill for an act relating to the environment; pollution control; conforming certain pollution control measures to federal Clean Air Act amendments; authorizing assessment of emission fees; changing method used for calculating emission fees; changing the definition of chlorofluorocarbons; establishing a small business air quality compliance assistance program; providing for the appointment of an ombudsman for small business air quality compliance assistance; creating a small business air quality compliance advisory council; amending Minnesota Statutes 1990, section 116.70, subdivision 3; Minnesota Statutes 1991 Supplement, section 116.07, subdivision 4d; proposing coding for new law in Minnesota Statutes, chapter 116.

Reported the same back with the following amendments:

Page 3, line 17, after the period insert "However, the agency shall charge a source the same amount per ton of pollutant emitted in excess of 4,000 tons per year as it charges for emissions of the pollutant below 4,000 tons per year."

Page 4, line 36, delete "an" and insert "a volatile"

Page 5, line 6, delete everything after "any" and insert "pollutant that is regulated under Minnesota Rules, chapter 7005, or for which a state primary ambient air quality standard has been adopted."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 2718, A bill for an act relating to natural resources; authorizing expenditure of funds for development of waterfowl breeding grounds in Canada; proposing coding for new law in Minnesota Statutes, chapter 97A.

Reported the same back with the following amendments:

Page 1, after line 17, insert:

“Sec. 2. [APPROPRIATION.]

There is appropriated from the game and fish fund \$180,000 from the sale of waterfowl stamp sets for fiscal year 1992.

Sec. 3. [EFFECTIVE DATE.]

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

Amend the title as follows:

Page 1, line 4, after the semicolon insert “appropriating money;”

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 2719, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to advance state funds for the purpose of matching nonstate funds under certain conditions; amending Minnesota Statutes 1991 Supplement, section 84.085, by adding a subdivision.

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

The report was adopted.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 2800, A bill for an act relating to health care; providing health coverage for low-income uninsured persons; establishing statewide and regional cost containment programs; reforming requirements for health insurance companies; establishing rural health system initiatives; creating quality of care and data collection programs; revising malpractice laws; creating a health care access account; imposing taxes; appropriating money; amending Minnesota Statutes 1990, sections 16A.124, by adding a subdivision; 43A.17, subdivision 9; 43A.316, by adding subdivisions; 62A.02, subdivisions 1, 2, 3, and by adding subdivisions; 62E.02, subdivision 23; 62E.10, subdivision 1; 62E.11, subdivision 9, and by adding a subdivision; 62H.01; 136A.1355, subdivisions 2 and 3; 144.581, subdivision 1, and by adding a subdivision; 145.682, subdivision 4; 256.936, subdivisions 1, 2, 3, 4, and by adding subdivisions; 256B.057, by adding a subdivision; 290.01, subdivision 19b; and 447.31, subdivisions 1 and 3; Minnesota Statutes 1991 Supplement, sections 62A.31, subdivision 1; 145.61, subdivision 5; 145.64, subdivision 2; 256.936, subdivision 5; and 297.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 16A; 43A; 62A; 62E; 62J; 136A; 137; 144; 214; 256; 256B; 295; and 604; proposing coding for new law as Minnesota Statutes, chapter 62L; repealing Minnesota Statutes 1990, sections 43A.316, subdivisions 1, 2, 3, 4, 5, 6, 7, and 10; 62A.02, subdivisions 4 and 5; 62E.51; 62E.52; 62E.53; 62E.54; and 62E.55; Minnesota Statutes 1991 Supplement, section 43A.316, subdivisions 8 and 9.

Reported the same back with the following amendments:

Delete page 1, line 34 to page 13, line 8 and insert:

"ARTICLE 1 COST CONTAINMENT

Section 1. [62J.03] [DEFINITIONS.]

Subdivision 1. [SCOPE OF DEFINITIONS.] For purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 2. [COMMISSION.] "Commission" or "state commission"

means the Minnesota health care commission established in section 62J.05.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of health.

Subd. 4. [GROUP PURCHASER.] "Group purchaser" means a person or organization that purchases health care services on behalf of an identified group of persons, regardless of whether the cost of coverage or services is paid for by the purchaser or by the persons receiving coverage or services, as further defined in rules adopted by the commissioner. "Group purchaser" includes, but is not limited to, health insurance companies, health maintenance organizations and other health plan companies; employee health plans offered by self-insured employers; group health coverage offered by fraternal organizations, professional associations, or other organizations; state and federal health care programs; state and local public employee health plans; workers' compensation plans; and the medical component of automobile insurance coverage.

Subd. 5. [PROVIDER.] "Provider" or "health care provider" means a person or organization other than a nursing home that provides health care or medical care services within Minnesota for a fee, as further defined in rules adopted by the commissioner.

Sec. 2. [62J.04] [CONTROLLING THE RATE OF GROWTH OF HEALTH CARE SPENDING.]

Subdivision 1. [COMPREHENSIVE BUDGET.] The commissioner of health shall set an annual target on the rate of growth of public and private spending on health care services for Minnesota residents. The target on growth must be set at a level that will slow the current rate of growth by at least ten percent per year using the spending growth rate for 1991 as a base year. This target must be achievable through good faith, cooperative efforts of health care consumers, purchasers, and providers.

Subd. 2. [DATA COLLECTION.] For purposes of setting targets under this section, the commissioner shall collect from all Minnesota health care providers data on patient revenues received during a time period specified by the commissioner. The commissioner shall also collect data on health care spending from all group purchasers of health care. All health care providers and group purchasers doing business in the state shall provide the data requested by the commissioner at the times and in the form specified by the commissioner. All data received is nonpublic, trade secret information under section 13.37. The commissioner shall establish procedures and safeguards to ensure that data provided to the Minnesota health care commission is in a form that does not identify individual patients, providers, employers, purchasers, or other individuals and

organizations, except with the permission of the affected individual or organization.

Subd. 3. [COST CONTAINMENT DUTIES.] After obtaining the advice and recommendations of the Minnesota health care commission, the commissioner shall:

(1) monitor regional and statewide progress toward reaching cost containment and health planning objectives as outlined in this article and take action to achieve compliance, to the extent authorized by the legislature;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve spending targets;

(3) provide technical assistance to regional coordinating organizations;

(4) monitor the quality of health care throughout the state, conduct consumer satisfaction surveys, and take action as necessary to ensure an appropriate level of quality;

(5) develop uniform billing forms, uniform electronic billing procedures, and other uniform claims procedures for health care providers by January 1, 1993;

(6) undertake health planning responsibilities as provided in section 62J.15;

(7) monitor and promote the development and implementation of practice parameters;

(8) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

(9) designate centers of excellence for specialized and high-cost procedures and treatment through the establishment of minimum standards and requirements for particular procedures or treatment;

(10) administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services;

(11) administer the health care analysis unit under article 7; and

(12) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans.

Subd. 4. [CONSULTATION WITH THE COMMISSION.] Before undertaking any of the duties required under this chapter, the commissioner of health shall consult with the Minnesota health care commission and obtain the commission's advice and recommendations. If the commissioner intends to depart from the commission's recommendations, the commissioner shall inform the commission of the intended departure, provide a written explanation of the reasons for the departure, and give the commission an opportunity to comment on the intended departure. If, after receiving the commission's comment, the commissioner still intends to depart from the commission's recommendations, the commissioner shall notify each member of the legislative oversight commission of the commissioner's intent to depart from the recommendations of the Minnesota health care commission. The notice to the legislative oversight commission must be provided at least ten days before the commissioner takes final action. If emergency action is necessary that does not allow the commissioner to obtain the advice and recommendations of the Minnesota health care commission or to provide advance notice and an opportunity for comment as required in this subdivision, the commissioner shall provide a written notice and explanation to the Minnesota health care commission and the legislative oversight commission at the earliest possible time.

Subd. 5. [APPEALS.] A person or organization may appeal a decision of the commissioner through a contested case proceeding under chapter 14.

Subd. 6. [RULEMAKING.] The commissioner shall adopt rules under chapter 14 to implement this chapter, including rules to govern appeals of decisions by the Minnesota health care commission and the regional coordinating organizations.

Subd. 7. [PLAN FOR CONTROLLING GROWTH IN SPENDING.] (a) By January 15, 1993, the Minnesota health care commission shall submit to the legislature and the governor for approval a plan, with as much detail as possible, for slowing the growth in health care spending to the growth rate identified by the commission, beginning July 1, 1993. The goal of the plan shall be to reduce the growth rate of health care spending, adjusted for population changes, so that it declines by at least ten percent per year for each of the next five years. The commission shall use the rate of spending growth in 1991 as the base year for developing its plan.

(b) In developing the plan, the commission shall consider the advisability and feasibility of the following options, but is not obligated to incorporate them into the plan:

(1) methods of encouraging voluntary activities that will help keep spending within the targets;

(2) methods of consulting providers and obtaining their assistance and cooperation and safeguards that are necessary to protect providers from abrupt changes in revenues or practice requirements;

(3) data and methods that could be used to calculate regional and statewide spending targets and the various options for expressing spending targets, such as maximum percentage growth rates or actuarially adjusted average per capita rates that reflect the demographics of the state or a region of the state;

(4) methods of adjusting spending targets to account for patients who are not Minnesota residents, to reflect care provided to a person outside the person's region, and to adjust for demographic changes over time;

(5) methods that could be used to monitor compliance with the targets;

(6) criteria for exempting spending on research and experimentation on new technologies and medical practices when setting or enforcing spending targets;

(7) methods that could be used to help providers, purchasers, consumers, and communities control spending growth;

(8) methods of identifying activities of consumers, providers, or purchasers that contribute to excessive growth in spending;

(9) methods of avoiding, preventing, or recovering spending in excess of the rate of growth identified by the commission;

(10) methods of reallocating health care resources among provider groups to correct existing inequities, reward desirable provider activities, discourage undesirable activities, or improve the quality, affordability, and accessibility of health care services;

(11) methods of imposing mandatory requirements relating to the delivery of health care, such as practice standards, hospital admission protocols, 24-hour emergency care screening systems, or designated specialty providers;

(12) methods of preventing unfair health care practices that give a provider or group purchaser an unfair advantage or financial benefit or that significantly circumvent, subvert, or obstruct the goals of this chapter;

(13) methods of providing incentives through special spending allowances or other means to encourage and reward special projects to improve outcomes or quality of care; and

(14) the advisability or feasibility of a system of permanent, regional coordinating organizations to ensure community involvement in activities to improve affordability, accessibility, and quality of health care in each region.

Sec. 3. [62J.05] [MINNESOTA HEALTH CARE COMMISSION.]

Subdivision 1. [PURPOSE OF THE COMMISSION.] The Minnesota health care commission consists of health care providers, purchasers, consumers, employers, and employees. The two major functions of the commission are:

(1) to make available to the commissioner of health and the legislature recommendations and advice regarding statewide and regional targets and the rate of health care spending, and activities to work toward these targets; and

(2) to help Minnesota communities, providers, group purchasers, employers, employees, and consumers improve the affordability, quality, and accessibility of health care.

Subd. 2. [MEMBERSHIP.] (a) [NUMBER.] The Minnesota health care commission consists of 26 members, as specified in this subdivision. A member may designate a representative to act as a member of the commission in the member's absence.

(b) [HEALTH PLAN COMPANIES.] The commission includes four members representing health plan companies, including one member appointed by the Minnesota Council of Health Maintenance Organizations, one member appointed by the Insurance Federation of Minnesota, one member appointed by Blue Cross and Blue Shield of Minnesota, and one member appointed by the governor.

(c) [HEALTH CARE PROVIDERS.] The commission includes seven members representing health care providers, including one member appointed by the Minnesota Hospital Association who represents rural hospital administrators, one member appointed by the council of hospital corporations who represents urban hospital administrators, two members appointed by the Minnesota Medical Association, one of whom practices in a rural area of the state and one of whom practices in an urban area, one member appointed by the Minnesota Nurses' Association, and two members appointed by the governor to represent providers other than hospitals, physicians, and nurses.

(d) [EMPLOYERS.] The commission includes four members rep-

representing employers, including two members appointed by the Minnesota Chamber of Commerce, including one self-insured employer and one small employer, and two members appointed by the governor.

(e) [CONSUMERS.] The commission includes five consumer members with no financial interest in the health care system, including three members appointed by the governor, one of whom must be a senior; one appointed under the rules of the senate; and one appointed under the rules of the house of representatives.

(f) [EMPLOYEE UNIONS.] The commission includes three representatives of labor unions, including two appointed by the AFL-CIO Minnesota and one appointed by the governor to represent other unions.

(g) [STATE AGENCIES.] The commission includes the commissioners of commerce, employee relations, and human services.

(h) [CHAIR.] The governor shall designate the chair of the commission from among the governor's appointees.

Subd. 3. [CONFLICTS OF INTEREST.] No member of the commission may participate or vote in commission proceedings involving an individual provider, purchaser, or patient, or a specific activity or transaction, if the commission member has a direct financial interest in the outcome of the commission's proceedings.

Subd. 4. [IMMUNITY FROM LIABILITY.] Members of the commission and persons employed by the commissioner are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under this chapter, provided the members or persons are acting in good faith.

Subd. 5. [TERMS; COMPENSATION; REMOVAL; AND VACANCIES.] The commission is governed by section 15.0575.

Subd. 6. [ADMINISTRATION.] The commissioner of health shall provide office space, equipment and supplies, and technical support to the commission.

Subd. 7. [STAFF.] The commission may hire an executive director who serves in the unclassified service. The executive director may hire employees and consultants as authorized by the commission and may prescribe their duties. The attorney general shall provide legal services to the commission.

Sec. 4. [62J.07] [LEGISLATIVE OVERSIGHT COMMISSION.]

The legislative commission on health care access reviews the activities of the commissioner of health, the state health care commission, and all other state agencies involved in the implementation and administration of this chapter, including efforts to obtain federal approval through waivers and other means. The legislative commission on health care access consists of five members of the senate appointed under the rules of the senate and five members of the house of representatives appointed under the rules of the house of representatives. The legislative commission on health care access must include three members of the majority party and two members of the minority party in each house. The commissioner of health and the Minnesota health care commission shall report on their activities and the activities of the regional coordinating organizations annually and at other times at the request of the legislative commission on health care access.

Sec. 5. [62J.09] [REGIONAL COORDINATING ORGANIZATIONS.]

Subdivision 1. [GENERAL OBJECTIVES.] The regional coordinating organizations should be locally controlled organizations consisting of health care providers, health plan companies, employers, consumers and other appropriate entities within that region. The regional coordinating organization should formulate a detailed plan for implementation within the region. The plan must, at a minimum, include the following objectives:

(1) cost containment, defined as restraining the rate of growth in health care expenditures, and activities which promote this ideal;

(2) integrated regional community health planning through the coordination of collaborative activities among health care providers which includes at least;

(a) the retrospective review of new technologies and procedures; and

(b) the establishment of a provider collaboration process for the introduction of new technologies and procedures.

(3) implementation of programming by health care providers and health care provider organizations that promotes continuous quality improvement, will improve consumer education and the health of Minnesotans, and will increase individual responsibility relating to personal health and the use of health services;

(4) a public/private partnership for the purpose of conducting data collection and research initiatives which study health outcomes and thereby improve the efficiency and effectiveness of health care delivery in Minnesota; and

(5) the undertaking of other activities with the goal of improving the affordability, quality and accessibility of health care for all Minnesotans.

The plan document must define or describe the objectives in detail, indicate clearly how each will be achieved, and allow for the unambiguous measurement of the degree to which each objective is achieved. The plan must be submitted to the commissioner, who will oversee and monitor the regional plans.

Subd. 2. [GENERAL DUTIES.] Regional coordinating organizations may:

(1) recommend that the commissioner sanction voluntary agreements between providers in the region that will improve quality, access, or affordability of health care but might constitute a violation of antitrust laws if undertaken without government direction;

(2) make recommendations to the commissioner regarding major capital expenditures or the introduction of expensive new technologies and medical practices that are being proposed or considered by providers;

(3) undertake voluntary activities to educate consumers, providers, and purchasers or to promote voluntary, cooperative community cost containment, access, or quality of care projects;

(4) make recommendations to the commissioner regarding ways of improving affordability, accessibility, and quality of health care in the region and throughout the state.

Subd. 3. [MEMBERSHIP.] (a) [NUMBER.] Each regional coordinating organization consists of 16 members as provided in this subdivision. A member may designate a representative to act as a member of the coordinating organization in the member's absence.

(b) [PROVIDER REPRESENTATIVES.] Each regional coordinating organization must include four members representing health care providers who practice in the region. One member is appointed by the Minnesota Medical Association. One member is appointed by the Minnesota Hospital Association. One member is appointed by the Minnesota Nurses' Association. The remaining member is appointed by the governor to represent providers other than physicians, hospitals, and nurses.

(c) [HEALTH PLAN COMPANY REPRESENTATIVES.] Each regional coordinating organization includes three members representing health plan companies who provide coverage for residents of the region, including one member representing health insurers who is elected by a vote of all health insurers providing coverage in the

region, one member elected by a vote of all health maintenance organizations providing coverage in the region, and one member appointed by Blue Cross and Blue Shield of Minnesota. The fourth member is appointed by the governor.

(d) [EMPLOYER REPRESENTATIVES.] Regional coordinating organizations include three members representing employers in the region. Employer representatives are elected by a vote of the employers who are members of chambers of commerce in the region. At least one member must represent self-insured employers.

(e) [EMPLOYEE UNIONS.] Regional coordinating organizations include one member appointed by the AFL-CIO Minnesota who is a union member residing or working in the region or who is a representative of a union that is active in the region.

(f) [PUBLIC MEMBERS.] Regional coordinating organizations include three consumer members with no financial interest in the health care system. One consumer member is elected by the community health boards in the region, with each community health board having one vote. One consumer member is elected by the state legislators with districts in the region. One consumer member is appointed by the governor.

(g) [COUNTY COMMISSIONER.] Regional coordinating organizations include one member who is a county board member. The county board member is elected by a vote of all of the county board members in the region, with each county board having one vote.

(h) [STATE AGENCY.] Regional coordinating organizations include one state agency commissioner appointed by the governor to represent state health coverage programs.

Subd. 4. [ESTABLISHMENT OF REGIONAL COORDINATING ORGANIZATIONS AND STRUCTURE.] The providers of health services in each region should begin formulating the appropriate structure for organizing the delivery networks or systems to accomplish the objectives in subdivision 1. Once a draft plan is outlined, or during the drafting process, other entities should be included as appropriate so as to ensure the comprehensiveness of the plan and the regional planning process. The ultimate structure of the regional coordinating organization may vary by region and in composition. Each region may consult with the commissioner and health the Minnesota care commission during the planning process.

Subd. 5. [HEALTH PLANNING COMPONENT.] Each regional plan must include a process for addressing the use and distribution of new and existing health care technologies and procedures and major capital expenditures by providers. Health care technologies and procedures include, but are not limited to, high-cost pharmaceuticals, organ and other transplants, health care procedures and

devices, and expensive, large-scale technologies such as scanners and imagers. Each regional plan shall include:

(1) the criteria that will be used for evaluating new health care technology and procedures and major capital expenditures in a manner that takes into consideration the effectiveness and value of the new technology, procedure, or capital expenditure in relation to the cost impact on consumers and payors;

(2) the review process for new health care technologies and procedures and for proposed major capital expenditures, which consider among other things effectiveness and cost and methods of assessing new technologies; and

(3) the process for provider collaboration once a decision is reached by the regional coordinating organization.

Subd. 6. [ANTI-TRUST AND CONFLICTS OF INTEREST.] The regional coordinating organization should work with the commissioner and other appropriate state agencies in order to encourage the kind of provider collaboration needed in order to achieve the objectives outlined in subdivision 1. Actions taken by providers, health plan companies or others which are not related to the objectives in subdivision 1 should not be exempt from the legal and other restrictions that apply to such actions.

Subd. 7. [TECHNICAL ASSISTANCE.] The state health care commission shall provide technical assistance to regional coordinating organizations.

Subd. 8. [TERMS; COMPENSATION; REMOVAL; AND VACANCIES.] Regional coordinating organizations are governed by section 15.0575, except that members do not receive per diem payments.

Subd. 9. [REPEALER.] This section is repealed effective July 1, 1993.

Sec. 6. [62J.15] [HEALTH PLANNING.]

Subdivision 1. [HEALTH PLANNING ADVISORY COMMITTEE.] (a) The Minnesota health care commission shall convene an advisory committee to make recommendations regarding the use and distribution of new and existing health care technologies and procedures and major capital expenditures by providers. The advisory committee may include members of the state commission and other persons appointed by the commission. The advisory committee must include at least one person representing physicians, at least one person representing hospitals, and at least one person representing the health care technology industry. Health care technologies and procedures include high-cost pharmaceuticals, organ and

other transplants, health care procedures and devices, and expensive, large-scale technologies such as scanners and imagers.

Subd. 2. [HEALTH PLANNING.] In consultation with the health planning advisory committee, the Minnesota health care commission shall:

(1) develop criteria for evaluating new health care technology and procedures and major capital expenditures that take into consideration the effectiveness and value of the new technology, procedure, or capital expenditure in relation to the cost impact on consumers and payors;

(2) recommend to the commissioner of health and the regional coordinating organizations statewide and regional goals and targets for the distribution and use of new and existing health care technologies and procedures and major capital expenditures;

(3) make recommendations to the commissioner regarding the designation of centers of excellence for transplants and other specialized medical procedures; and

(4) make recommendations to the commissioner regarding minimum volume requirements for the performance of certain procedures by hospitals and other health care facilities or providers.

Sec. 7. [62J.17] [EXPENDITURE REPORTING.]

Subdivision 1. [PURPOSE.] To ensure access to affordable health care services for all Minnesotans it is necessary to restrain the rate of growth in health care costs. An important factor contributing to escalating costs is the purchase of costly new medical equipment, major capital expenditures, and the addition of new specialized services. After spending targets are established under section 62J.04, providers, patients, and communities will have the opportunity to decide for themselves whether they can afford capital expenditures or new equipment or specialized services within the constraints of a spending limit. In this environment, the state's role in reviewing these spending commitments can be more limited. However, during the interim period until spending targets are established, it is important to prevent unrestrained major spending commitments that will contribute further to the escalation of health care costs and make future cost containment efforts more difficult. In addition, it is essential to protect against the possibility that the legislature's expression of its attempt to control health care costs may lead a provider to make major spending commitments before targets or other cost containment constraints are fully implemented because the provider recognizes that the spending commitment may not be considered appropriate, needed, or affordable within the context of a fixed budget for health care spending. Therefore, the

legislature finds that a requirement for reporting health care expenditures is necessary.

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

(a) [CAPITAL EXPENDITURE.] "Capital expenditure" means an expenditure which, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance.

(b) [HEALTH CARE SERVICE.] "Health care service" means:

(1) a service or item that would be covered by the medical assistance program under chapter 256B if provided in accordance with medical assistance requirements to an eligible medical assistance recipient; and

(2) a service or item that would be covered by medical assistance except that it is characterized as experimental, cosmetic, or voluntary.

"Health care service" does not include retail, over-the-counter sales of nonprescription drugs and other retail sales of health-related products that are not generally paid for by medical assistance and other third-party coverage.

(c) [MAJOR SPENDING COMMITMENT.] "Major spending commitment" means:

(1) acquisition of a unit of medical equipment;

(2) a capital expenditure for a single project for the purposes of providing health care services, other than for the acquisition of medical equipment;

(3) offering a new specialized service not offered before;

(4) planning for an activity that would qualify as a major spending commitment under this paragraph; or

(5) a project involving a combination of two or more of the activities in clauses (1) to (4).

The cost of acquisition of medical equipment, and the amount of a capital expenditure, is the total cost to the provider regardless of whether the cost is distributed over time through a lease arrangement or other financing or payment mechanism.

(d) [MEDICAL EQUIPMENT.] "Medical equipment" means fixed and movable equipment that is used by a provider in the provision of a health care service. "Medical equipment" includes, but is not limited to, the following:

- (1) an extracorporeal shock wave lithotripter;
- (2) a computerized axial tomography (CAT) scanner;
- (3) a magnetic resonance imaging (MRI) unit;
- (4) a positron emission tomography (PET) scanner; and
- (5) emergency and nonemergency medical transportation equipment and vehicles.

(e) [NEW SPECIALIZED SERVICE.] "New specialized service" means a specialized health care procedure or treatment regimen offered by a provider that was not previously offered by the provider, including, but not limited to:

(1) cardiac catheterization services involving high-risk patients as defined in the Guidelines for Coronary Angiography established by the American Heart Association and the American College of Cardiology;

(2) heart, heart-lung, liver, kidney, bowel, or pancreas transplantation service, or any other service for transplantation of any other organ;

(3) megavoltage radiation therapy;

(4) open heart surgery;

(5) neonatal intensive care services; and

(6) any new medical technology for which premarket approval has been granted by the United States Food and Drug Administration.

(f) [PROVIDER.] "Provider" means an individual, corporation, association, firm, partnership, or other entity that is regularly engaged in providing health care services in Minnesota.

Subd. 3. [HOSPITAL AND NURSING HOME MORATORIA PRE-SERVED.] Nothing in this section supersedes or limits the applicability of section 144.551 or 144A.071.

Subd. 4. [EXPENDITURE REPORTING.] Any provider making a capital expenditure establishing a health care service or new spe-

cialized service, or making a major spending commitment after April 1, 1992, that is in excess of \$500,000, shall submit notification of this expenditure to the commissioner and provide the commissioner with any relevant background or other information. The commissioner shall not have any approval or denial authority, but should use such information in the ongoing evaluation of statewide and regional progress toward cost containment and other objectives.

Subd. 5. [RETROSPECTIVE REVIEW.] The commissioner of health, in consultation with the Minnesota health care commission, shall retrospectively review capital expenditures and major spending commitments that are required to be reported by providers under subdivision 4. In the event that health care providers refuse to cooperate with attempts by the Minnesota health care commission and regional coordinating organizations to coordinate the use of health care technologies and procedures, and reduce the growth rate in health care expenditures, or in the event that health care providers continue to use or perform health care technologies and procedures that are clearly not cost-effective based on the results of medical research, the commissioner shall recommend that the commissioner of human services take action to eliminate the cost of new technologies, procedures, and capital expenditures from the medical assistance, general assistance medical care, and health right plan reimbursement received by the health care provider. The commissioner of human services shall reduce reimbursement under these programs to that provider upon recommendation of the commissioner of health. The commissioner of health may also cooperate with the commissioner of commerce and third party payers regulated by the commissioner of commerce, and with health maintenance organizations, to reduce reimbursement from these payers for this purpose. The commissioner may also restrict or prevent the future adoption of health care technologies and procedures, and capital expenditures, by a health care provider or group purchaser.

Sec. 8. [62J.19] [SUBMISSION OF REGIONAL PLAN TO COMMISSIONER.]

Each regional coordinating organization shall submit its plan to the commissioner on or before June 30, 1993. In the event that any major provider, provider group or other entity within the region chooses to not participate in the regional planning process, the commissioner may require the participation of that entity in the planning process or adopt other rules or criteria for that entity. In the event that a region fails to submit a plan to the commissioner that satisfactorily promotes the objectives in section 62J.09, subdivisions 1 and 2, or where competing plans and regional coordination organizations exist, the commissioner has the authority to establish a public regional coordinating organization for purposes of establishing a regional plan which will achieve the objectives. The public regional coordinating organization shall be appointed by the commissioner and under the commissioner's direction.

Sec. 9. [62J.21] [REPORTING TO THE LEGISLATURE.]

The commissioner shall report to the legislature by January 1, 1993 regarding the process being made within each region with respect to the establishment of a regional coordinating organization and the development of a regional plan. In the event that the commissioner determines that any region is not making reasonable progress or a good-faith commitment towards establishing a regional coordinating organization and regional plan, the commissioner may establish a public regional board for this purpose. The commissioner's report should also include the issues, if any, raised during the planning process to date and request any appropriate legislative action that would facilitate the planning process.

Page 13, line 9, delete "62J.19" and insert "62J.22"

Page 15, line 12, after "resident" insert "and whose federal adjusted gross income, as reported on the beneficiary's federal personal income tax form, does not exceed 250 percent of the federal poverty guidelines for family size,"

Page 16, after line 11, insert:

"Sec. 15. [62J.30] [PROVIDER AND FACILITY CHARGES.]

Subdivision 1. [ITEMIZED LIST.] A health care provider and a health care facility shall compile and make available to the public an itemized list of the usual and customary charges for each procedure or service rendered by the provider or facility.

Subd. 2. [DISCLOSURE.] A health care provider and a health care facility shall clearly and conspicuously display the following notice in boldface type of a minimum size of 24 points in the area or areas of the provider's office or facility accessible to the public:

"HEALTH CARE CONSUMER'S RIGHTS:

You have the right to request a list of our usual and customary charges for services and procedures. You also have a right to request an estimate of the cost of any service or procedure recommended for your personal care before receiving that care. Within the requirements of your coverage, you have the right to have tests and procedures conducted in a facility or laboratory of your choice. You have the right to see your medical records and a right to receive responses to your questions about your health, medical care, or medical procedures."

Subd. 3. [DEFINITION.] (a) For purposes of this section, "health care provider" means a person licensed or registered to practice a healing art under chapter 147 or 148, to practice dentistry under

chapter 150A, or to practice podiatry under chapter 153. The term does not include providers whose practice is limited to enrollees of a staff model health maintenance organization.

(b) For purposes of this section, "health care facility" means a hospital, sanitarium, or other institution for the hospitalization or care of human beings licensed pursuant to sections 144.50 to 144.56.

Subd. 4. [RULEMAKING.] The commissioner of health may adopt rules for the administration of this section.

Subd. 5. [PENALTIES AND REMEDIES.] A health care professional or health care facility who is found to have violated this section is subject to the penalties and remedies in section 8.31.

Sec. 16. Minnesota Statutes 1990, section 144.699, subdivision 2, is amended to read:

Subd. 2. [FOSTERING PRICE COMPETITION.] The commissioner of health shall:

(a) ~~Encourage~~ (1) require hospitals, outpatient surgical centers, home care providers, and professionals regulated by the health related licensing boards as defined in section 214.01, subdivision 2, and by the commissioner of health under section 214.13, to publish prices for procedures and services that are representative of the diagnoses and conditions for which citizens of this state seek treatment; and

~~(b)~~ (2) analyze and disseminate available price information and analyses so as to foster the development of price competition among hospitals, outpatient surgical centers, home care providers, and health professionals.

Sec. 17. [STUDY ON RECOVERY OF UNCOMPENSATED CARE COSTS.]

The commissioner of health shall study cost-shifting and uncompensated care costs in the health care industry. The commissioner shall recommend to the legislature by January 15, 1993, methods to recover from health care providers an amount equal to the share of uncompensated care costs shifted to other payers that are no longer incurred by the provider as uncompensated care costs, due to the availability of the health right plan."

Page 86, line 30, strike "Based on this"

Page 86, strike line 31

Page 86, line 32, strike "target"

Page 86, lines 33 to 35, delete the new language

Page 86, line 35, strike "If"

Page 86, strike line 36

Page 87, strike lines 1 to 3 and insert "The estimated expenditure shall be compared to an estimate of the revenues that will be deposited in the health care access account. Based on this comparison, and after consulting with the chairs of the house appropriations committee and the senate finance committee, and the legislative commission on health care access, the commissioner shall make adjustments as necessary to ensure that expenditures remain within the limits of available revenues. The adjustments the commissioner may use must be implemented in this order: first, upon 90 days notice, stop enrollment and coverage of individuals and families whose gross annual income exceeds 200 percent of the federal poverty guidelines; second, upon 90 days notice, decrease the premium subsidy amounts by ten percent for families and individuals with gross annual income at or below 200 percent; and third, require applicants to be uninsured for at least six months prior to eligibility in the health right plan. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner may further limit enrollment or decrease premium subsidies."

Page 93, line 11, delete "18" and insert "12"

Page 96, line 2, delete everything before "A"

Page 96, delete lines 27 to 35

Page 102, delete line 11

Page 102, line 12, delete "ASSISTANCE GRANTS.]"

Page 102, delete lines 24 to 36

Page 103, delete line 1

Pages 105 and 106, delete section 10

Page 143, delete lines 17 to 27 (Article 9), and insert:

"ARTICLE 9

Section 1. Minnesota Statutes 1990, section 60B.03, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of commerce of the state of Minnesota and, in that commissioner's absence or disability, a deputy or other person duly designated to act in that commissioner's place. ~~In the context of rehabilitation or liquidation of a health maintenance organization, "commissioner" means the commissioner of health of the state of Minnesota and, in that commissioner's absence or disability, a deputy or other person duly designated to act in that commissioner's place.~~

Sec. 2. Minnesota Statutes 1990, section 60B.15, is amended to read:

60B.15 [GROUNDS FOR REHABILITATION.]

The commissioner may apply by verified petition to the district court for Ramsey county or for the county in which the principal office of the insurer is located for an order directing the commissioner to rehabilitate a domestic insurer or an alien insurer domiciled in this state on any one or more of the following grounds:

(1) Any ground on which the commissioner may apply for an order of liquidation under section 60B.20, whenever the commissioner believes that the insurer may be successfully rehabilitated without substantial increase in the risk of loss to creditors of the insurer, its policyholders or to the public;

(2) That the commissioner has reasonable cause to believe that there has been theft from the insurer, wrongful sequestration or diversion of the insurer's assets, forgery or fraud affecting the insurer or other illegal conduct in, by or with respect to the insurer, which endanger assets in an amount threatening insolvency of the insurer;

(3) That substantial and unexplained discrepancies exist between the insurer's records and the most recent annual report or other official company reports;

(4) That the insurer, after written demand by the commissioner, has failed to remove any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, employee, or other person, if the person has been found by the commissioner after notice and hearing to be dishonest or untrustworthy in a way affecting the insurer's business such as is the basis for action under section 60A.051;

(5) That control of the insurer, whether by stock ownership or otherwise, and whether direct or indirect, is in one or more persons found by the commissioner after notice and hearing to be dishonest

or untrustworthy such as is the basis for action under section 60A.051;

(6) That the insurer, after written demand by the commissioner, has failed within a reasonable period of time to terminate the employment and status and all influences on management of any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, employee or other person if the person has refused to submit to lawful examination under oath by the commissioner concerning the affairs of the insurer, whether in this state or elsewhere;

(7) That after lawful written demand by the commissioner the insurer has failed to submit promptly any of its own property, books, accounts, documents, or other records, or those of any subsidiary or related company within the control of the insurer, or those of any person having executive authority in the insurer so far as they pertain to the insurer, to reasonable inspection or examination by the commissioner or an authorized representative. If the insurer is unable to submit the property, books, accounts, documents, or other records of a person having executive authority in the insurer, it shall be excused from doing so if it promptly and effectively terminates the relationship of the person to the insurer;

(8) That without first obtaining the written consent of the commissioner, or if required by law, the written consent of the attorney general, the insurer has transferred, or attempted to transfer, substantially its entire property or business, or has entered into any transaction the effect of which is to merge, consolidate, or reinsure substantially its entire property or business of any other person;

(9) That the insurer or its property has been or is the subject of an application for the appointment of a receiver, trustee, custodian, conservator or sequestrator or similar fiduciary of the insurer or its property otherwise than as authorized under sections 60B.01 to 60B.61, and that such appointment has been made or is imminent, and that such appointment might divest the courts of this state of jurisdiction or prejudice orderly delinquency proceedings under sections 60B.01 to 60B.61;

(10) That within the previous year the insurer has willfully violated its charter or articles of incorporation or its bylaws or any applicable insurance law or regulation of any state, or of the federal government, or any valid order of the commissioner under section 60B.11 in any manner or as to any matter which threatens substantial injury to the insurer, its creditors, its policyholders or the public, or having become aware within the previous year of an unintentional or willful violation has failed to take all reasonable steps to remedy the situation resulting from the violation and to prevent the same violations in the future;

(11) That the directors of the insurer are deadlocked in the management of the insurer's affairs and that the members or shareholders are unable to break the deadlock and that irreparable injury to the insurer, its creditors, its policyholders, or the public is threatened by reason thereof;

(12) That the insurer has failed to pay for 60 days after due date any obligation to this state or any political subdivision thereof or any judgment entered in this state, except that such nonpayment shall not be a ground until 60 days after any good faith effort by the insurer to contest the obligation or judgment has been terminated, whether it is before the commissioner or in the courts;

(13) That the insurer has failed to file its annual report or other report within the time allowed by law, and after written demand by the commissioner has failed to give an adequate explanation immediately;

(14) That two-thirds of the board of directors, or the holders of a majority of the shares entitled to vote, or a majority of members or policyholders of an insurer subject to control by its members or policyholders, consent to rehabilitation under sections 60B.01 to 60B.61;

(15) That the insurer is engaging in a systematic practice of reaching settlements with and obtaining releases from policyholders or third party claimants and then unreasonably delaying payment of or failing to pay the agreed upon settlements;

(16) That the insurer is in such condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors, or the public;

(17) That within the previous 12 months the insurer has systematically attempted to compromise with its creditors on the ground that it is financially unable to pay its claims in full;

(18) In the context of a health maintenance organization, "insurer" when used in clauses (1) to (17) means "health maintenance organization." In addition to the grounds in clauses (1) to (17), any one of the following constitutes grounds for rehabilitation of a health maintenance organization:

(a) the health maintenance organization is unable or is expected to be unable to meet its debts as they become due;

(b) grounds exist under section 62D.042, subdivision 7;

(c) the health maintenance organization's liabilities exceed the current value of its assets, exclusive of intangibles and, where the

guaranteeing organization's financial condition no longer meets the requirements of sections 62D.041 and 62D.042, exclusive of any deposits, letters of credit, or guarantees provided by any guaranteeing organization under chapter 62D;

(d) in addition to grounds under clause (16), within the last year the health maintenance organization has failed, and the commissioner of health expects such failure to continue in the future, to make comprehensive medical care adequately available and accessible to its enrollees and the health maintenance organization has not successfully implemented a plan of corrective action pursuant to section 62D.121, subdivision 7; and

(e) in addition to grounds under clause (16), within the last year the directors or officers of the health maintenance organization willfully violated the requirements of section 317A.251, or having become aware within the previous year of an unintentional or willful violation of section 317A.251, have failed to take all reasonable steps to remedy the situation resulting from the violation and to prevent the same violation in the future.

Sec. 3. Minnesota Statutes 1990, section 60B.20, is amended to read:

60B.20 [GROUNDS FOR LIQUIDATION.]

The commissioner may apply by verified petition to the district court for Ramsey county or for the county in which the principal office of the insurer is located for an order to liquidate a domestic insurer or an alien insurer domiciled in this state on any one or more of the following grounds:

(1) Any ground on which the commissioner may apply for an order of rehabilitation under section 60B.15, whenever the commissioner believes that attempts to rehabilitate the insurer would substantially increase the risk of loss to its creditors, its policyholders, or the public, or would be futile, or that rehabilitation would serve no useful purpose;

(2) That the insurer is or is about to become insolvent;

(3) That the insurer has not transacted the business for which it was organized or incorporated during the previous 12 months or has transacted only a token such business during that period, although authorized to do so throughout that period, or that more than 12 months after incorporation it has failed to become authorized to do the business for which it was organized or incorporated;

(4) That the insurer has commenced, or within the previous year has attempted to commence, voluntary dissolution or liquidation

otherwise than as provided in section 60B.04, subdivision 3 in the case of a solvent insurer;

(5) That the insurer has concealed records or assets from the commissioner or improperly removed them from the jurisdiction, or the commissioner believes that the insurer is about to do so;

(6) That the insurer does not satisfy the requirements that would be applicable if it were seeking initial authorization in this state to do the business for which it was organized or incorporated, except for:

(i) Requirements that are intended to apply only at the time the initial authorization to do business is obtained, and not thereafter; and

(ii) Requirements that are expressly made inapplicable by the laws establishing the requirements;

(7) That the holders of two-thirds of the shares entitled to vote, or two-thirds of the members or policyholders entitled to vote in an insurer controlled by its members or policyholders, have consented to a petition;

(8) In the context of a health maintenance organization, "insurer" when used in clauses (1) to (7) means "health maintenance organization." In addition to the grounds in clauses (1) to (7), any one of the following constitutes grounds for liquidation of a health maintenance organization:

(i) the health maintenance organization is unable or is expected to be unable to meet its debts as they become due;

(ii) grounds exist under section 62D.042, subdivision 7;

(iii) the health maintenance organization's liabilities exceed the current value of its assets, exclusive of intangibles and, where the guaranteeing organization's financial condition no longer meets the requirements of sections 62D.041 and 62D.042, exclusive of any deposits, letters of credit, or guarantees provided by any guaranteeing organization under chapter 62D;

(iv) within the last year the health maintenance organization has failed, and the commissioner of health expects failure to continue in the future, to make comprehensive medical care adequately available and accessible to its enrollees and the health maintenance organization has not successfully implemented a plan of corrective action pursuant to section 62D.121, subdivision 7; and

(v) within the last year the directors or officers of the health

maintenance organization willfully violated the requirements of section 317A.251, or having become aware within the previous year of an unintentional or willful violation of section 317A.251, have failed to take all reasonable steps to remedy the situation resulting from the violation and to prevent the same violation in the future.

Sec. 4. Minnesota Statutes 1990, section 62D.01, subdivision 2, is amended to read:

Subd. 2. (a) Faced with the continuation of mounting costs of health care coupled with its inaccessibility to large segments of the population, the legislature has determined that there is a need to explore alternative methods for the delivery of health care services, with a view toward achieving greater efficiency and economy in providing these services.

(b) It is, therefore, the policy of the state to eliminate the barriers to the organization, promotion, and expansion of health maintenance organizations; to provide for their regulation by the state commissioner of health commerce; and to exempt them from the operation of the insurance and nonprofit health service plan corporation laws of the state except as hereinafter provided.

(c) It is further the intention of the legislature to closely monitor the development of health maintenance organizations in order to assess their impact on the costs of health care to consumers, the accessibility of health care to consumers, and the quality of health care provided to consumers.

Sec. 5. Minnesota Statutes 1990, section 62D.02, subdivision 3, is amended to read:

Subd. 3. "Commissioner of health" or "~~commissioner~~" means the state commissioner of health or a designee.

Sec. 6. Minnesota Statutes 1990, section 62D.02, is amended by adding a subdivision to read:

Subd. 3a. "Commissioner of commerce" or "commissioner" means the state commissioner of commerce or a designee.

Sec. 7. Minnesota Statutes 1990, section 62D.03, is amended to read:

62D.03 [ESTABLISHMENT OF HEALTH MAINTENANCE ORGANIZATIONS.]

Subdivision 1. Notwithstanding any law of this state to the contrary, any nonprofit corporation organized to do so or a local governmental unit may apply to the commissioner of health com-

merce for a certificate of authority to establish and operate a health maintenance organization in compliance with sections 62D.01 to 62D.30. No person shall establish or operate a health maintenance organization in this state, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with a health maintenance organization or health maintenance contract unless the organization has a certificate of authority under sections 62D.01 to 62D.30.

~~Subd. 2. Every person operating a health maintenance organization on July 1, 1973 shall submit an application for a certificate of authority, as provided in subdivision 4, within 90 days of July 1, 1973. Each such applicant may continue to operate until the commissioner of health acts upon the application. In the event that an application is denied, the applicant shall henceforth be treated as a health maintenance organization whose certificate of authority has been revoked.~~

~~Subd. 3. The commissioner of health may shall require any person providing physician and hospital services with payments made in the manner set forth in section 62D.02, subdivision 4, to apply for a certificate of authority under sections 62D.01 to 62D.30. Any person directed to apply for a certificate of authority shall be subject to the provisions of subdivision 2.~~

~~Subd. 4. 3. Each application for a certificate of authority shall be verified by an officer or authorized representative of the applicant, and shall be in a form prescribed by the commissioner of health. Each application shall include the following:~~

~~(a) a copy of the basic organizational document, if any, of the applicant and of each major participating entity; such as the articles of incorporation, or other applicable documents, and all amendments thereto;~~

~~(b) a copy of the bylaws, rules and regulations, or similar document, if any, and all amendments thereto which regulate the conduct of the affairs of the applicant and of each major participating entity;~~

~~(c) a list of the names, addresses, and official positions of the following:~~

~~(1) all members of the board of directors, or governing body of the local government unit, and the principal officers and shareholders of the applicant organization; and~~

~~(2) all members of the board of directors, or governing body of the local government unit, and the principal officers of the major participating entity and each shareholder beneficially owning more~~

than ten percent of any voting stock of the major participating entity;

The commissioner may by rule identify persons included in the term "principal officers";

(d) a full disclosure of the extent and nature of any contract or financial arrangements between the following:

(1) the health maintenance organization and the persons listed in clause (c)(1);

(2) the health maintenance organization and the persons listed in clause (c)(2);

(3) each major participating entity and the persons listed in clause (c)(1) concerning any financial relationship with the health maintenance organization; and

(4) each major participating entity and the persons listed in clause (c)(2) concerning any financial relationship with the health maintenance organization;

(e) the name and address of each participating entity and the agreed upon duration of each contract or agreement;

(f) a copy of the form of each contract binding the participating entities and the health maintenance organization. Contractual provisions shall be consistent with the purposes of sections 62D.01 to 62D.30, in regard to the services to be performed under the contract, the manner in which payment for services is determined, the nature and extent of responsibilities to be retained by the health maintenance organization, the nature and extent of risk sharing permissible, and contractual termination provisions;

(g) a copy of each contract binding major participating entities and the health maintenance organization. Contract information filed with the commissioner shall be confidential and subject to the provisions of section 13.37, subdivision 1, clause (b), upon the request of the health maintenance organization.

Upon initial filing of each contract, the health maintenance organization shall file a separate document detailing the projected annual expenses to the major participating entity in performing the contract and the projected annual revenues received by the entity from the health maintenance organization for such performance. The commissioner shall disapprove any contract with a major participating entity if the contract will result in an unreasonable expense under section 62D.19. The commissioner shall approve or disapprove a contract within ~~30~~ 60 days of filing. If the commissioner

fails to disapprove the contract in the time specified, the contract is deemed approved and may be implemented by the health maintenance organization.

Within 120 days of the anniversary of the implementation of each contract, the health maintenance organization shall file a document detailing the actual expenses incurred and reported by the major participating entity in performing the contract in the preceding year and the actual revenues received from the health maintenance organization by the entity in payment for the performance;

Contracts implemented prior to April 25, 1984, shall be filed within 90 days of April 25, 1984. These contracts are subject to the provisions of section 62D.19, but are not subject to the prospective review prescribed by this clause, unless or until the terms of the contract are modified. Commencing with the next anniversary of the implementation of each of these contracts immediately following filing, the health maintenance organization shall, as otherwise required by this subdivision, file annual actual expenses and revenues;

(h) a statement generally describing the health maintenance organization, its health maintenance contracts and separate health service contracts, facilities, and personnel, including a statement describing the manner in which the applicant proposes to provide enrollees with comprehensive health maintenance services and separate health services;

(i) a copy of the form of each evidence of coverage to be issued to the enrollees;

(j) a copy of the form of each individual or group health maintenance contract and each separate health service contract which is to be issued to enrollees or their representatives;

(k) financial statements showing the applicant's assets, liabilities, and sources of financial support. If the applicant's financial affairs are audited by independent certified public accountants, a copy of the applicant's most recent certified financial statement may be deemed to satisfy this requirement;

(l) a description of the proposed method of marketing the plan, a schedule of proposed charges, and a financial plan which includes a three-year projection of the expenses and income and other sources of future capital;

(m) a statement reasonably describing the geographic area or areas to be served and the type or types of enrollees to be served;

(n) a description of the complaint procedures to be utilized as required under section 62D.11;

(o) a description of the procedures and programs to be implemented to meet the requirements of section 62D.04, subdivision 1, clauses (b) and (c) and to monitor the quality of health care provided to enrollees;

(p) a description of the mechanism by which enrollees will be afforded an opportunity to participate in matters of policy and operation under section 62D.06;

(q) a copy of any agreement between the health maintenance organization and an insurer or nonprofit health service corporation regarding reinsurance, stop-loss coverage, insolvency coverage, or any other type of coverage for potential costs of health services, as authorized in sections 62D.04, subdivision 1 1a, clause ~~(f)~~ (b), 62D.05, subdivision 3, and 62D.13;

(r) a copy of the conflict of interest policy which applies to all members of the board of directors and the principal officers of the health maintenance organization, as described in section 62D.04, subdivision 1 1a, paragraph (g). ~~All currently licensed health maintenance organizations shall also file a conflict of interest policy with the commissioner within 60 days after August 1, 1990, or at a later date if approved by the commissioner~~ clause (c);

(s) a copy of the statement that describes the health maintenance organization's prior authorization administrative procedures;

(t) a copy of the agreement between the guaranteeing organization and the health maintenance organization, as described in section 62D.043, subdivision 6; and

(u) other information as the commissioner ~~of health~~ may reasonably require to be provided.

Sec. 8. Minnesota Statutes 1990, section 62D.04, is amended to read:

62D.04 [ISSUANCE OF CERTIFICATE OF AUTHORITY.]

Subdivision 1. [REVIEW OF APPLICATION BY COMMISSIONER OF HEALTH.] The commissioner shall forward a copy of the application to the commissioner of health. The filing date with the commissioner shall determine any time periods within which either commissioner must act upon the application. Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) arrangements for an ongoing evaluation of the quality of health care;

(c) a procedure to develop, compile, evaluate, and report statistics relating to ~~the cost of its operations~~, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters relating to the quality of care rendered by the applicant as may be reasonably required by ~~regulation~~ rule of the commissioner of health;

(d) reasonable provisions for emergency and out of area health care services;

(e) Within 45 days of filing the application for the certificate of authority, the commissioner of health shall determine whether or not the applicant meets the requirements of this subdivision. If the commissioner of health determines that the applicant meets the requirements of this subdivision, the commissioner of health shall certify that determination to the commissioner of commerce. If the commissioner of health determines that the applicant has not met the requirements of this subdivision, the commissioner of health shall certify this determination to the commissioner of commerce and shall specify the reason or reasons for the determination and include copies of all documents and evidence upon which the determination was based.

Subd. 1a. [COMMISSIONER OF COMMERCE; STANDARDS FOR ISSUANCE.] Upon receiving an application for a certificate of authority, the commissioner shall determine whether the applicant for a certificate has:

(a) demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees. In making this determination, the commissioner of health shall require the amounts of net worth and working capital required in section 62D.042, the deposit required in section 62D.041, and in addition shall consider:

(1) the financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;

(2) arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care

services in the event of discontinuance of the health maintenance organization; and

(3) agreements with providers for the provision of health care services;

(f) (b) demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services, including hospital care; provided, however, that the requirement in this paragraph shall not prohibit the following:

(1) a health maintenance organization from obtaining insurance or making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services to its members on a nonelective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

(2) a health maintenance organization from having a provision in a group health maintenance contract allowing an adjustment of premiums paid based upon the actual health services utilization of the enrollees covered under the contract, except that at no time during the life of the contract shall the contract holder fully self-insure the financial risk of health care services delivered under the contract. Risk sharing arrangements shall be subject to the requirements of sections 62D.01 to 62D.30;

(g) (c) demonstrated that it has made provisions for and adopted a conflict of interest policy applicable to all members of the board of directors and the principal officers of the health maintenance organization. The conflict of interest policy shall include the procedures described in section 317A.255, subdivisions 1 and 2. However, the commissioner is not precluded from finding that a particular transaction is an unreasonable expense as described in section 62D.19 even if the directors follow the required procedures; and

(h) (d) otherwise met the requirements of sections 62D.01 to 62D.30.

Subd. 2. [ACTION BY COMMISSIONER OF COMMERCE.] Within ~~90~~ 60 days after the receipt of the application for a certificate of authority, the commissioner of ~~health~~ shall determine whether or not the applicant meets the requirements of this section. If the commissioner of ~~health~~ determines that the applicant meets the requirements of sections 62D.01 to 62D.30, the commissioner shall issue a certificate of authority to the applicant. If the commissioner of ~~health~~ determines that the applicant is not qualified, the com-

missioner shall so notify the applicant and shall specify the reason or reasons for such disqualification.

Subd. 3. [LIMITATION ON NAME USE.] ~~Except as provided in section 62D.03, subdivision 2,~~ No person who has not been issued a certificate of authority shall use the words "health maintenance organization" or the initials "HMO" in its name, contracts or literature. Provided, however, that persons who are operating under a contract with, operating in association with, enrolling enrollees for, or otherwise authorized by a health maintenance organization licensed under sections 62D.01 to 62D.30 to act on its behalf may use the terms "health maintenance organization" or "HMO" for the limited purpose of denoting or explaining their association or relationship with the authorized health maintenance organization. No health maintenance organization which has a minority of consumers as members of its board of directors shall use the words "consumer controlled" in its name or in any way represent to the public that it is controlled by consumers.

Subd. 4. [CONTINUED COMPLIANCE.] Upon being granted a certificate of authority to operate as a health maintenance organization, the organization must continue to operate in compliance with the standards set forth in subdivision 1. Noncompliance may result in the imposition of a fine or the suspension or revocation of the certificate of authority, in accordance with sections 62D.15 to 62D.17.

Sec. 9. Minnesota Statutes 1990, section 62D.05, subdivision 6, is amended to read:

Subd. 6. [SUPPLEMENTAL BENEFITS.] (a) A health maintenance organization may, as a supplemental benefit, provide coverage to its enrollees for health care services and supplies received from providers who are not employed by, under contract with, or otherwise affiliated with the health maintenance organization. Supplemental benefits may be provided if the following conditions are met:

(1) a health maintenance organization desiring to offer supplemental benefits must at all times comply with the requirements of sections 62D.041 and 62D.042;

(2) a health maintenance organization offering supplemental benefits must maintain an additional surplus in the first year supplemental benefits are offered equal to the lesser of \$500,000 or 33 percent of the supplemental benefit expenses. At the end of the second year supplemental benefits are offered, the health maintenance organization must maintain an additional surplus equal to the lesser of \$1,000,000 or 33 percent of the supplemental benefit expenses. At the end of the third year benefits are offered and every year after that, the health maintenance organization must maintain an additional surplus equal to the greater of \$1,000,000 or 33

percent of the supplemental benefit expenses. When in the judgment of the commissioner the health maintenance organization's surplus is inadequate, the commissioner may require the health maintenance organization to maintain additional surplus;

(3) claims relating to supplemental benefits must be processed in accordance with the requirements of section 72A.201; and

(4) in marketing supplemental benefits, the health maintenance organization shall fully disclose and describe to enrollees and potential enrollees the nature and extent of the supplemental coverage, and any claims filing and other administrative responsibilities in regard to supplemental benefits.

(b) The commissioner may, pursuant to chapter 14, adopt, enforce, and administer rules relating to this subdivision, including: rules insuring that these benefits are supplementary and not substitutes for comprehensive health maintenance services by addressing percentage of out-of-plan coverage; rules relating to the establishment of necessary financial reserves; rules relating to marketing practices; and other rules necessary for the effective and efficient administration of this subdivision. ~~The commissioner, in adopting rules, shall give consideration to existing laws and rules administered and enforced by the department of commerce relating to health insurance plans.~~

Sec. 10. Minnesota Statutes 1990, section 62D.06, subdivision 2, is amended to read:

Subd. 2. The governing body shall establish a mechanism to afford the enrollees an opportunity to express their opinions in matters of policy and operation through the establishment of advisory panels, by the use of advisory referenda on major policy decisions, or through the use of other mechanisms as may be prescribed or permitted by the commissioner of health.

Sec. 11. Minnesota Statutes 1990, section 62D.07, subdivision 2, is amended to read:

Subd. 2. No evidence of coverage or contract, or amendment thereto shall be issued or delivered to any person in this state until a copy of the form of the evidence of coverage or contract or amendment thereto has been filed with and approved by the commissioner of health pursuant to section 62D.03 or 62D.08. If the commissioner does not disapprove the filing within 60 days of the filing, it shall be deemed approved and may be implemented by the health maintenance organization.

Sec. 12. Minnesota Statutes 1990, section 62D.07, subdivision 3, is amended to read:

Subd. 3. Contracts and evidences of coverage shall contain:

(a) No provisions or statements which are unjust, unfair, inequitable, misleading, deceptive, or which are untrue, misleading, or deceptive as defined in section 62D.12, subdivision 1; and

(b) A clear, concise and complete statement of:

(1) the health care services and the insurance or other benefits, if any, to which the enrollee is entitled under the health maintenance contract;

(2) any exclusions or limitations on the services, kind of services, benefits, or kind of benefits, to be provided, including any deductible or copayment feature and requirements for referrals, prior authorizations, and second opinions;

(3) where and in what manner information is available as to how services, including emergency and out of area services, may be obtained;

(4) the total amount of payment and copayment, if any, for health care services and the indemnity or service benefits, if any, which the enrollee is obligated to pay with respect to individual contracts, or an indication whether the plan is contributory or noncontributory with respect to group certificates; and

(5) a description of the health maintenance organization's method for resolving enrollee complaints and a statement identifying the commissioner as an external source with whom grievances may be registered.

(c) On the cover page of the evidence of coverage and contract, a clear and complete statement of enrollees' rights as consumers. The statement must be in bold print and captioned "Important Consumer Information and Enrollee Bill of Rights" and must include but not be limited to the following provisions in the following language or in substantially similar language approved in advance by the commissioner:

CONSUMER INFORMATION

(1) **COVERED SERVICES:** Services provided by (name of health maintenance organization) will be covered only if services are provided by participating (name of health maintenance organization) providers or authorized by (name of health maintenance organization). Your contract fully defines what services are covered and describes procedures you must follow to obtain coverage.

(2) **PROVIDERS:** Enrolling in (name of health maintenance organization) does not guarantee services by a particular provider on the list of providers. When a provider is no longer part of (name of health maintenance organization), you must choose among remaining (name of the health maintenance organization) providers.

(3) **REFERRALS:** Certain services are covered only upon referral. See section (section number) of your contract for referral requirements. All referrals to non-(name of health maintenance organization) providers and certain types of health care providers must be authorized by (name of health maintenance organization).

(4) **EMERGENCY SERVICES:** Emergency services from providers who are not affiliated with (name of health maintenance organization) will be covered only if proper procedures are followed. Your contract explains the procedures and benefits associated with emergency care from (name of health maintenance organization) and non-(name of health maintenance organization) providers.

(5) **EXCLUSIONS:** Certain services or medical supplies are not covered. You should read the contract for a detailed explanation of all exclusions.

(6) **CONTINUATION:** You may convert to an individual health maintenance organization contract or continue coverage under certain circumstances. These continuation and conversion rights are explained fully in your contract.

(7) **CANCELLATION:** Your coverage may be canceled by you or (name of health maintenance organization) only under certain conditions. Your contract describes all reasons for cancellation of coverage.

ENROLLEE BILL OF RIGHTS

(1) Enrollees have the right to available and accessible services including emergency services, as defined in your contract, 24 hours a day and seven days a week;

(2) Enrollees have the right to be informed of health problems, and to receive information regarding treatment alternatives and risks which is sufficient to assure informed choice;

(3) Enrollees have the right to refuse treatment, and the right to privacy of medical and financial records maintained by the health maintenance organization and its health care providers, in accordance with existing law;

(4) Enrollees have the right to file a grievance with the health

maintenance organization and the commissioner of health and the right to initiate a legal proceeding when experiencing a problem with the health maintenance organization or its health care providers;

(5) Enrollees have the right to a grace period of 31 days for the payment of each premium for an individual health maintenance contract falling due after the first premium during which period the contract shall continue in force;

(6) Medicare enrollees have the right to voluntarily disenroll from the health maintenance organization and the right not to be requested or encouraged to disenroll except in circumstances specified in federal law; and

(7) Medicare enrollees have the right to a clear description of nursing home and home care benefits covered by the health maintenance organization.

Sec. 13. Minnesota Statutes 1990, section 62D.07, subdivision 10, is amended to read:

Subd. 10. An individual health maintenance organization contract and an evidence of coverage must contain a department of ~~health~~ commerce telephone number that the enrollee can call to register a complaint about a health maintenance organization.

Sec. 14. Minnesota Statutes 1990, section 62D.08, is amended to read:

62D.08 [ANNUAL REPORT.]

Subdivision 1. A health maintenance organization shall, unless otherwise provided for by rules adopted by the commissioner of ~~health~~, file notice with the commissioner of ~~health~~ prior to any modification of the operations or documents described in the information submitted under clauses (a), (b), (e), (f), (g), (i), (j), (l), (m), (n), (o), (p), (q), (r), (s), and (t) of section 62D.03, subdivision 4. The commissioner shall forward to the commissioner of health a copy of the notice. The commissioner of health shall notify the commissioner within 45 days of the filing of the commissioner of health's determination that the modification will result in the organization's failure to comply with section 62D.04, subdivision 1, clause (a), (b), (c), or (d). If the commissioner of health does not disapprove recommend disapproval of the filing within 45 days and the commissioner does not disapprove of the filing within 60 days, it shall be deemed approved and may be implemented by the health maintenance organization.

Subd. 2. Every health maintenance organization shall annually,

on or before April 1, file a verified report with the commissioner of health covering the preceding calendar year. However, utilization data required under subdivision 3, clause (c), shall be filed on or before July 1.

Subd. 3. Such report shall be on forms prescribed by the commissioner of health, and shall include:

(a) A financial statement of the organization, including its balance sheet and receipts and disbursements for the preceding year certified by an independent certified public accountant, reflecting at least (1) all prepayment and other payments received for health care services rendered, (2) expenditures to all providers, by classes or groups of providers, and insurance companies or nonprofit health service plan corporations engaged to fulfill obligations arising out of the health maintenance contract, (3) expenditures for capital improvements, or additions thereto, including but not limited to construction, renovation or purchase of facilities and capital equipment, and (4) a supplementary statement of assets, liabilities, premium revenue, and expenditures for risk sharing business under section 62D.04, subdivision 1, ~~on forms prescribed by the commissioner;~~

(b) The number of new enrollees enrolled during the year, the number of group enrollees and the number of individual enrollees as of the end of the year and the number of enrollees terminated during the year;

(c) A summary of information compiled pursuant to section 62D.04, subdivision 1, clause (c), in such form as may be required by the commissioner of health;

(d) A report of the names and addresses of all persons set forth in section 62D.03, subdivision 4 3, clause (c), who were associated with the health maintenance organization or the major participating entity during the preceding year, and the amount of wages, expense reimbursements, or other payments to such individuals for services to the health maintenance organization or the major participating entity, as those services relate to the health maintenance organization, including a full disclosure of all financial arrangements during the preceding year required to be disclosed pursuant to section 62D.03, subdivision 4 3, clause (d);

(e) A separate report addressing health maintenance contracts sold to individuals covered by Medicare, title XVIII of the Social Security Act, as amended, including the information required under section 62D.30, subdivision 6; and

(f) Such other information relating to the performance of the health maintenance organization as is reasonably necessary to enable the commissioner of health to carry out the duties under

sections 62D.01 to 62D.30. As a supplement to the annual report, the health maintenance organization shall submit such other information as is reasonably necessary to enable the commissioner of health to carry out the duties under section 62D.04, subdivision 1, clause (a), (b), (c), or (d). This supplement shall be on forms prescribed by the commissioner of health.

Subd. 4. Any health maintenance organization which fails to file a ~~verified report~~ the report required by this section with the commissioner on or before ~~April 1~~ the dates specified of the year due shall be subject to the levy of a fine up to \$500 for each day the report is past due. This failure will serve as a basis for other disciplinary action against the organization, including suspension or revocation, in accordance with sections 62D.15 to 62D.17. The commissioner may grant an extension of ~~the~~ a reporting deadline upon good cause shown by the health maintenance organization. Any fine levied or disciplinary action taken against the organization under this subdivision is subject to the contested case and judicial review provisions of sections 14.57 to 14.69.

Subd. 5. Every health maintenance organization shall inform the commissioner of any change in the information described in section 62D.03, subdivision 4 ~~3~~, clause (e), including any change in address, any modification of the duration of any contract or agreement, and any addition to the list of participating entities, within ten working days of the notification of the change. Any cancellation or discontinuance of any contract or agreement listed in section 62D.03, subdivision 4 ~~3~~, clause (e), or listed subsequently in accordance with this subdivision, shall be reported to the commissioner 120 days before the effective date. When the health maintenance organization terminates a provider for cause, death, disability, or loss of license, the health maintenance organization must notify the commissioner within three working days of the date the health maintenance organization sends out or receives the notice of cancellation, discontinuance, or termination. Any health maintenance organization which fails to notify the commissioner within the time periods prescribed in this subdivision shall be subject to the levy by the commissioner of a fine up to \$200 per contract for each day the notice is past due, accruing up to the date the organization notifies the commissioner of the cancellation or discontinuance. Any fine levied under this subdivision is subject to the contested case and judicial review provisions of chapter 14. The levy of a fine does not preclude the commissioner from using other penalties described in sections 62D.15 to 62D.17.

Subd. 6. A health maintenance organization shall submit to the commissioner unaudited financial statements of the organization for the first three quarters of the year on forms prescribed by the commissioner. The statements are due 30 days after the end of the quarter and shall be maintained as nonpublic data, as defined by section 13.02, subdivision 9. Unaudited financial statements for the

fourth quarter shall be submitted at the request of the commissioner.

Sec. 15. Minnesota Statutes 1990, section 62D.09, subdivision 1, is amended to read:

Subdivision 1. (a) Any written marketing materials which may be directed toward potential enrollees and which include a detailed description of benefits provided by the health maintenance organization shall include a statement of consumer information and rights as described in section 62D.07, subdivision 3, paragraphs (b) and (c). Prior to any oral marketing presentation, the agent marketing the plan must inform the potential enrollees that any complaints concerning the material presented should be directed to the health maintenance organization, the commissioner of health, or, if applicable, the employer.

(b) Detailed marketing materials must affirmatively disclose all exclusions and limitations in the organization's services or kinds of services offered to the contracting party, including but not limited to the following types of exclusions and limitations:

- (1) health care services not provided;
- (2) health care services requiring copayments or deductibles paid by enrollees;
- (3) the fact that access to health care services does not guarantee access to a particular provider type; and
- (4) health care services that are or may be provided only by referral of a physician.

(c) No marketing materials may lead consumers to believe that all health care needs will be covered. All marketing materials must alert consumers to possible uncovered expenses with the following language in bold print: "THIS HEALTH CARE PLAN MAY NOT COVER ALL YOUR HEALTH CARE EXPENSES; READ YOUR CONTRACT CAREFULLY TO DETERMINE WHICH EXPENSES ARE COVERED." Immediately following the disclosure required under paragraph (b), clause (3), consumers must be given a telephone number to use to contact the health maintenance organization for specific information about access to provider types.

(d) The disclosures required in paragraphs (b) and (c) are not required on billboards or image, and name identification advertisement.

Sec. 16. Minnesota Statutes 1990, section 62D.09, subdivision 8, is amended to read:

Subd. 8. Each health maintenance organization shall issue a membership card to its enrollees. The membership card must:

- (1) identify the health maintenance organization;
- (2) include the name, address, and telephone number to call if the enroller has a complaint;
- (3) include the telephone number to call or the instruction on how to receive authorization for emergency care; and
- (4) include the telephone number to call to appeal to the commissioner of health.

Sec. 17. Minnesota Statutes 1990, section 62D.10, subdivision 4, is amended to read:

Subd. 4. A health plan may apply to the commissioner of health for a waiver of the requirements of this section or for authorization to impose such underwriting restrictions upon open enrollment as are necessary (a) to preserve its financial stability, (b) to prevent excessive adverse selection by prospective enrollees, or (c) to avoid unreasonably high or unmarketable charges for enrollee coverage for health care services. The commissioner of health upon a showing of good cause, shall approve or upon failure to show good cause shall deny such application within 30 days of the receipt thereof from the health plan. The commissioner of health may, in accordance with chapter 14, promulgate rules to implement this section.

Sec. 18. Minnesota Statutes 1990, section 62D.11, is amended to read:

62D.11 [COMPLAINT SYSTEM.]

Subdivision 1. Every health maintenance organization shall establish and maintain a complaint system including an impartial arbitration provision, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning the provision of health care services. "Provision of health services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. Arbitration shall be subject to chapter 572, except (a) in the event that an enrollee elects to litigate a complaint prior to submission to arbitration, and (b) no medical malpractice damage claim shall be subject to arbitration unless agreed to by both parties subsequent to the event giving rise to the claim.

Subd. 1a. Where a complaint involves a dispute about a health maintenance organization's coverage of a service, the commissioner may review the complaint and any information and testimony

necessary in order to make a determination and order the appropriate remedy pursuant to sections 62D.15 to 62D.17.

Subd. 1b. [EXPEDITED RESOLUTION OF COMPLAINTS ABOUT URGENTLY NEEDED SERVICE.] In addition to any remedy contained in subdivision 1a, when a complaint involves a dispute about a health maintenance organization's coverage of an immediately and urgently needed service, the commissioner may also order the health maintenance organization to use an expedited system to process the complaint.

Subd. 2. The health maintenance organization shall maintain a record of each written complaint filed with it for five years ~~and~~. The commissioner and the commissioner of health shall have access to the records.

Subd. 2a. [REPORTS.] Every health maintenance organization shall at least annually submit a report to the commissioner of commerce on the operation of its complaint or grievance mechanism on forms prescribed by the commissioner.

Subd. 3. [DENIAL OF SERVICE.] Within a reasonable time after receiving an enrollee's written or oral communication to the health maintenance organization concerning a refusal of service or inadequacy of services, the health maintenance organization shall provide the enrollee with a written statement of the reason for the refusal of service, and a statement approved by the commissioner of health which explains the health maintenance organization complaint procedures, and in the case of Medicare enrollees, which also explains Medicare appeal procedures.

Subd. 4. [COVERAGE OF SERVICE.] A health maintenance organization may not deny or limit coverage of a service which the enrollee has already received solely on the basis of lack of prior authorization or second opinion, to the extent that the service would otherwise have been covered under the member's contract by the health maintenance organization had prior authorization or second opinion been obtained.

Sec. 19. Minnesota Statutes 1990, section 62D.12, subdivision 1, is amended to read:

Subdivision 1. No health maintenance organization or representative thereof may cause or knowingly permit the use of advertising or solicitation which is untrue or misleading, or any form of evidence of coverage which is deceptive. Each health maintenance organization shall be subject to sections 72A.17 to ~~72A.32~~ 72A.327, relating to the regulation of trade practices, except ~~(a) to the extent that the nature of a health maintenance organization renders such sections clearly inappropriate and (b) that enforcement shall be by the commissioner of health and not by the commissioner of commerce.~~

Every health maintenance organization shall be subject to sections 8.31 and 325F69.

Sec. 20. Minnesota Statutes 1990, section 62D.12, subdivision 2, is amended to read:

Subd. 2. No health maintenance organization may cancel or fail to renew the coverage of an enrollee except for (a) failure to pay the charge for health care coverage; (b) termination of the health care plan; (c) termination of the group plan; (d) enrollee moving out of the area served, subject to section 62A.17, subdivisions 1 and 6, and section 62D.104; (e) enrollee moving out of an eligible group, subject to section 62A.17, subdivisions 1 and 6, and section 62D.104; (f) failure to make copayments required by the health care plan; or (g) other reasons established in rules promulgated by the commissioner of health.

Sec. 21. Minnesota Statutes 1990, section 62D.12, subdivision 9, is amended to read:

Subd. 9. All net earnings of the health maintenance organization shall be devoted to the nonprofit purposes of the health maintenance organization in providing comprehensive health care. No health maintenance organization shall provide for the payment, whether directly or indirectly, of any part of its net earnings, to any person as a dividend or rebate; provided, however, that health maintenance organizations may make payments to providers or other persons based upon the efficient provision of services or as incentives to provide quality care. The commissioner of health shall, pursuant to sections 62D.01 to 62D.30, revoke the certificate of authority of any health maintenance organization in violation of this subdivision.

Sec. 22. Minnesota Statutes 1990, section 62D.121, subdivision 2, is amended to read:

Subd. 2. If the health maintenance organization has terminated individuals from coverage in a service area, the replacement coverage shall be health maintenance organization coverage issued by the health maintenance organization terminating coverage unless the health maintenance organization can demonstrate to the commissioner that offering health maintenance organization replacement coverage would not be feasible. In making the determination, the commissioner shall consider (1) loss ratios and forecasts, (2) lack of agreements between health care providers and the health maintenance organization to offer that product, (3) evidence of anticipated premium needs compared with established rates, (4) the financial impact of the replacement coverage on the overall financial solvency of the plan, and (5) the cost to the enrollee of health maintenance organization replacement coverage as compared to cost to the enrollee of the replacement coverage required under subdivision 3, and (6) other information the commissioner considers appropriate.

Sec. 23. Minnesota Statutes 1990, section 62D.121, subdivision 3a, is amended to read:

Subd. 3a. If the replacement coverage is health maintenance organization coverage, as explained in subdivisions 2 and 2a, the fee shall not exceed 125 percent of the cost of the average fee charged by health maintenance organizations for a similar health plan. The commissioner ~~of health~~ will determine the average cost of the plan on the basis of information provided annually by the health maintenance organizations concerning the rates charged by the health maintenance organizations for the plans offered. Fees or premiums charged under this section must be actuarially justified.

Sec. 24. Minnesota Statutes 1990, section 62D.121, subdivision 4, is amended to read:

Subd. 4. The commissioner will approve or disapprove the replacement coverage within 30 days after it is filed with the commissioner. A health maintenance organization shall not give enrollees a notice of cancellation of coverage until a replacement policy has been filed with the commissioner and approved or disapproved. If the commissioner fails to disapprove the replacement policy within the specified time, the replacement coverage shall be deemed approved.

Sec. 25. Minnesota Statutes 1990, section 62D.121, subdivision 5, is amended to read:

Subd. 5. The health maintenance organization must provide the terminated enrollees with a written notice of cancellation 90 days before the date the cancellation takes effect. If the replacement coverage is approved by the commissioner under subdivision 4, the notice shall clearly and completely describe the replacement coverage that the enrollees are eligible to receive and explain the procedure for enrolling. If the replacement coverage is not approved by the commissioner, the health maintenance organization shall provide a cancellation notice with information that the enrollee is entitled to enroll in the state comprehensive health insurance plan with a waiver of the waiting period for preexisting conditions under section 62E.14, subdivisions 1, paragraph (d), and 6.

Sec. 26. Minnesota Statutes 1990, section 62D.121, subdivision 7, is amended to read:

Subd. 7. [GEOGRAPHIC ACCESSIBILITY.] If the commissioner believes that there are not enough providers to assure that enrollees have accessible health services available in a geographic service area, the commissioner may ask the commissioner of health to determine the question. If the commissioner of health determines that there are not enough providers to assure that enrollees have accessible health services available in a geographic service area, the commissioner of health shall institute prescribe a plan of corrective

action that shall be followed by the health maintenance organization. Such a plan may include but not be limited to requiring the health maintenance organization to make payments to nonparticipating providers for health services for enrollees, requiring the health maintenance organization to discontinue accepting new enrollees in that service area, and requiring the health maintenance organization to reduce its geographic service area. If a nonparticipating provider has been a participating provider with the health maintenance organization within the last year, any payments made under this section must not exceed the payment level of the previous contract unless the commissioner of health determines that without adjusting payments the health maintenance organization will be unable to meet the health care needs of enrollees in the area.

Sec. 27. Minnesota Statutes 1991 Supplement, section 62D.122, is amended to read:

62D.122 [MEDIATION.]

When current parties to a health maintenance organization contract between providers of health care services and the health maintenance organization believe they will be unable to reach agreement on the terms of renewal or maintenance of the agreement, either party may request the commissioner of ~~health~~ to order that the dispute be submitted to mediation. The parties to the dispute shall enter mediation upon the order of the commissioner of ~~health~~. Whether or not a request for mediation from one of the parties has been received, the commissioner shall order mediation if failure to reach agreement would significantly impair access to health care services on the part of current enrollees of that health maintenance organization. The commissioner or the commissioner of health if the commissioner considers it appropriate shall be a participant in the mediation. In determining whether access to health care services for current enrollees will be significantly impaired, the commissioner ~~shall~~ may consider:

- (1) the number of enrollees affected,
- (2) the ability of the plan to make alternate arrangements with other participating providers for the provision of health care services to the affected enrollees,
- (3) the availability of nonparticipating providers who may become participating providers for those with whom the health maintenance organization is in dispute,
- (4) the time remaining until termination of the provider contract, and
- (5) whether failure to resolve the dispute may establish a prece-

dent for similar disputes in other parts of the state or might impede competition among health plans.

During the period in which the dispute is in mediation, no action to terminate provider or enrollee contracts may be taken by either party. Participation in mediation shall be required of all parties for a period of not more than 30 days. Notice of termination of provider agreements, as required under section 62D.08, subdivision 5, shall take effect no earlier than 31 days after the first day of mediation under this section.

When mediation is ordered by the commissioner, arrangements for mediation shall be made through the office of administrative hearings.

Costs of the mediation shall be borne equally by the health maintenance organization and the health care providers unless otherwise agreed to by the parties. The office of administrative hearings shall establish rates for mediation services comparable to those charged by mediators listed with the office of dispute resolution.

The mediator shall not have authority to impose a settlement or otherwise bind a participant to a nonvoluntary resolution of the dispute; however, any agreement reached as a result of the mediation shall be enforceable.

Except as otherwise provided under chapter 13 and sections 62D.03 and 62D.14, the commissioner shall make public the results of any mediation agreement.

Sec. 28. Minnesota Statutes 1990, section 62D.14, is amended to read:

62D.14 [EXAMINATIONS.]

Subdivision 1. The commissioner ~~of health~~ may make an examination of the affairs of any health maintenance organization and its contracts, agreements, or other arrangements with any participating entity as often as the commissioner ~~of health~~ deems necessary for the protection of the interests of the people of this state, but not less frequently than once every three years. Examinations of participating entities pursuant to this subdivision shall be limited to their dealings with the health maintenance organization and its enrollees, except that examinations of major participating entities may include inspection of the entity's financial statements kept in the ordinary course of business. The commissioner may require major participating entities to submit the financial statements directly to the commissioner. Financial statements of major participating entities are subject to the provisions of section 13.37, subdivision 1,

clause (b), upon request of the major participating entity or the health maintenance organization with which it contracts.

Subd. 2. The commissioner ~~will~~ must notify the organization and any involved participating entity in writing when an examination has been initiated. ~~The commissioner will include in~~ This notice must include a full statement of the pertinent facts and of the matters being examined, and may include a statement that the organization or participating entity must submit to the commissioner, within 30 days from the date of the notice, a complete written report concerning those matters.

Subd. 3. In order to accomplish the duties under this section with respect to the dealings of the participating entities with the health maintenance organization, the commissioner of health ~~shall have~~ has the right to:

(a) inspect or otherwise evaluate the quality, appropriateness, and timeliness of services performed;

(b) audit and inspect any books and records of a health maintenance organization and a participating entity which pertain to services performed and determinations of amounts payable under such contract;

(c) require persons or organizations under examination to be deposed and to answer interrogatories, regardless of whether an administrative hearing or other civil proceeding has been or will be initiated; and

(d) employ site visits, public hearings, or any other procedures considered appropriate to obtain the information necessary to determine the issues.

Subd. 4. Any data or information pertaining to the diagnosis, treatment, or health of any enrollee, or any application obtained from any person, shall be private as defined in chapter 13 and shall not be disclosed to any person except (a) to the extent necessary to carry out the purposes of sections 62D.01 to 62D.30, the commissioner and ~~a designee~~ the commissioner's designated representative shall have access to the above data or information but the data removed from the health maintenance organization or participating entity shall not identify any particular patient or client by name or contain any other unique personal identifier; (b) upon the express consent of the enrollee or applicant; (c) pursuant to statute or court order for the production of evidence or the discovery thereof; or (d) in the event of claim or litigation between such person and the provider or health maintenance organization wherein such data or information is pertinent. In any case involving a suspected violation of a law applicable to health maintenance organizations in which access to health data maintained by the health maintenance organization or

participating entity is necessary, the commissioner and agents, while maintaining the privacy rights of individuals and families, shall be permitted to obtain data that identifies any particular patient or client by name. A health maintenance organization shall be entitled to claim any statutory privileges against such disclosure which the provider who furnished such information to the health maintenance organization is entitled to claim.

Subd. 5. The commissioner of health shall have the power to administer oaths to and examine witnesses, and to issue subpoenas.

Subd. 6. Reasonable expenses of examinations under this section shall be assessed by the commissioner of health against the organization being examined, and shall be remitted to the commissioner of health for deposit in the general fund of the state treasury.

Subd. 7. Failure to provide relevant information necessary for conducting examinations pursuant to this section shall be subject to the levy of a fine up to \$200 for each day the information is not provided. A fine levied under this subdivision shall be subject to the contested case and judicial review provisions of chapter 14. In the event a timely request for review is made, accrual of a fine levied shall be stayed pending completion of the contested case and judicial review proceeding.

Subd. 8. [POWERS OF COMMISSIONER OF HEALTH.] The commissioner of health in discharging the duties and responsibilities assigned by this chapter has the authority to recommend to the commissioner the imposition of fines, penalties or other corrective action.

Sec. 29. Minnesota Statutes 1990, section 62D.15, is amended to read:

62D.15 [SUSPENSION OR REVOCATION OF CERTIFICATE OF AUTHORITY.]

Subdivision 1. The commissioner of health may suspend or revoke any certificate of authority issued to a health maintenance organization under sections 62D.01 to 62D.30 if the commissioner finds that:

(a) The health maintenance organization is operating significantly in contravention of its basic organizational document, its health maintenance contract, or in a manner contrary to that described in and reasonably inferred from any other information submitted under section 62D.03, unless amendments to such submissions have been filed with and approved by the commissioner of health;

(b) The health maintenance organization issues evidences of coverage which do not comply with the requirements of section 62D.07;

(c) The health maintenance organization is unable to fulfill its obligations to furnish comprehensive health maintenance services as required under its health maintenance contract;

(d) The health maintenance organization is no longer financially responsible and may reasonably be expected to be unable to meet its obligations to enrollees or prospective enrollees;

(e) The health maintenance organization has failed to implement a mechanism affording the enrollees an opportunity to participate in matters of policy and operation under section 62D.06;

(f) The health maintenance organization has failed to implement the complaint system required by section 62D.11 in a manner designed to reasonably resolve valid complaints;

(g) The health maintenance organization, or any person acting with its sanction, has advertised or merchandised its services in an untrue, misrepresentative, misleading, deceptive, or unfair manner;

(h) The continued operation of the health maintenance organization would be hazardous to its enrollees; or

(i) The health maintenance organization has otherwise failed to substantially comply with sections 62D.01 to 62D.30 or with any other statute or administrative rule applicable to health maintenance organizations, or has submitted false information in any report required hereunder.

Subd. 2. A certificate of authority shall be suspended or revoked only after compliance with the requirements of section 62D.16.

Subd. 3. When the certificate of authority of a health maintenance organization is suspended, the health maintenance organization shall not, during the period of such suspension, enroll any additional enrollees except newborn children or other newly acquired dependents of existing enrollees, and shall not engage in any advertising or solicitation whatsoever.

Subd. 4. When the certificate of authority of a health maintenance organization is revoked, the organization shall proceed, immediately following the effective date of the order of revocation, to wind up its affairs, and shall conduct no further business except as may be essential to the orderly conclusion of the affairs of the organization. It shall engage in no further advertising or solicitation whatsoever. The commissioner of health may, by written order, permit further

operation of the organization as the commissioner may find to be in the best interest of enrollees, to the end that enrollees will be afforded the greatest practical opportunity to obtain continuing health care coverage.

Sec. 30. Minnesota Statutes 1990, section 62D.16, is amended to read:

62D.16 [DENIAL, SUSPENSION, AND REVOCATION; ADMINISTRATIVE PROCEDURES.]

Subdivision 1. When the commissioner of health has cause to believe that grounds for the denial, suspension or revocation of a certificate of authority exists, the commissioner shall notify the health maintenance organization in writing specifically stating the grounds for denial, suspension or revocation and fixing a time of at least 20 days thereafter for a hearing on the matter, except in summary proceedings as provided in section 62D.18.

Subd. 2. After such hearing, or upon the failure of the health maintenance organization to appear at the hearing, the commissioner of health shall take action as is deemed advisable and shall issue written findings which shall be mailed to the health maintenance organization. The action of the commissioner of health shall be subject to judicial review pursuant to chapter 14.

Sec. 31. Minnesota Statutes 1990, section 62D.17, is amended to read:

62D.17 [PENALTIES AND ENFORCEMENT.]

Subdivision 1. The commissioner of health may, for any violation of statute or rule applicable to a health maintenance organization, or in lieu of suspension or revocation of a certificate of authority under section 62D.15, levy an administrative penalty in an amount up to \$25,000 for each violation. In the case of contracts or agreements made pursuant to section 62D.05, subdivisions 2 to 4, each contract or agreement entered into or implemented in a manner which violates sections 62D.01 to 62D.30 shall be considered a separate violation. In determining the level of an administrative penalty, the commissioner shall consider the following factors:

- (1) the number of enrollees affected by the violation;
- (2) the effect of the violation on enrollees' health and access to health services;
- (3) if only one enrollee is affected, the effect of the violation on that enrollee's health;

(4) whether the violation is an isolated incident or part of a pattern of violations; and

(5) the economic benefits derived by the health maintenance organization or a participating provider by virtue of the violation.

Reasonable notice in writing to the health maintenance organization shall be given of the intent to levy the penalty and the reasons therefor, and the health maintenance organization may have 15 days within which to file a written request for an administrative hearing and review of the ~~commissioner of health's~~ commissioner's determination. Such administrative hearing shall be subject to judicial review pursuant to chapter 14.

Subd. 2. Any person who violates sections 62D.01 to 62D.30 or knowingly submits false information in any report required hereunder shall be guilty of a misdemeanor.

Subd. 3. (a) If the ~~commissioner of health~~ shall, for any reason, have cause to believe that any violation of sections 62D.01 to 62D.30 has occurred or is threatened, the ~~commissioner of health~~ may, before commencing action under sections 62D.15 and 62D.16, and subdivision 1, give notice to the health maintenance organization and to the representatives, or other persons who appear to be involved in such suspected violation, to arrange a voluntary conference with the alleged violators or their authorized representatives for the purpose of attempting to ascertain the facts relating to such suspected violation and, in the event it appears that any violation has occurred or is threatened, to arrive at an adequate and effective means of correcting or preventing such violation.

(b) Proceedings under this subdivision shall not be governed by any formal procedural requirements, and may be conducted in such manner as the ~~commissioner of health~~ may deem appropriate under the circumstances.

Subd. 4. (a) The ~~commissioner of health~~ may issue an order directing a health maintenance organization or a representative of a health maintenance organization to cease and desist from engaging in any act or practice in violation of the provisions of sections 62D.01 to 62D.30.

(1) The cease and desist order may direct a health maintenance organization to pay for or provide a service when that service is required by statute or rule to be provided.

(2) ~~The commissioner may issue a cease and desist order directing~~ may direct a health maintenance organization to pay for a service that is required by statute or rule to be provided, only if there is a demonstrable and irreparable harm to the public or an enrollee.

(3) If the cease and desist order involves a dispute over the medical necessity of a procedure based on its experimental nature, the commissioner may issue a cease and desist order only if the following conditions are met:

(i) the commissioner has consulted with appropriate and identified experts;

(ii) the commissioner has reviewed relevant scientific and medical literature; and

(iii) the commissioner has considered all other relevant factors including whether final approval of the technology or procedure has been granted by the appropriate government agency; the availability of scientific evidence concerning the effect of the technology or procedure on health outcomes; the availability of scientific evidence that the technology or procedure is as beneficial as established alternatives; and the availability of evidence of benefit or improvement without the technology or procedure.

(b) Within 20 days after service of the order to cease and desist, the respondent may request a hearing on the question of whether acts or practices in violation of sections 62D.01 to 62D.30 have occurred. Such hearings shall be subject to judicial review as provided by chapter 14.

If the acts or practices involve violation of the reporting requirements of section 62D.08, or if the commissioner has ordered the rehabilitation, liquidation, or conservation of the health maintenance organization in accordance with section 62D.18, the health maintenance organization may request an expedited hearing on the matter. The hearing shall be held within 15 days of the request. Within ten days thereafter, an administrative law judge shall issue a recommendation on the matter. The commissioner shall make a final determination on the matter within ten days of receipt of the administrative law judge's recommendation.

When a request for a stay accompanies the hearing request, the matter shall be referred to the office of administrative hearings within three working days of receipt of the request. Within ten days thereafter, an administrative law judge shall issue a recommendation to grant or deny the stay. The commissioner shall grant or deny the stay within five days of receipt of the administrative law judge's recommendation.

To the extent the acts or practices alleged do not involve (1) violations of section 62D.08; (2) violations which may result in the financial insolvency of the health maintenance organization; (3) violations which threaten the life and health of enrollees; (4) violations which affect whole classes of enrollees; or (5) violations of benefits or service requirements mandated by law; if a timely

request for a hearing is made, the cease and desist order shall be stayed for a period of 90 days from the date the hearing is requested or until a final determination is made on the order, whichever is earlier. During this stay, the respondent may show cause why the order should not become effective upon the expiration of the stay. Arguments on this issue shall be made through briefs filed with the administrative law judge no later than ten days prior to the expiration of the stay.

Subd. 5. In the event of noncompliance with a cease and desist order issued pursuant to subdivision 4, the commissioner of ~~health~~ may institute a proceeding to obtain injunctive relief or other appropriate relief in Ramsey county district court.

Sec. 32. Minnesota Statutes 1990, section 62D.18, is amended to read:

62D.18 [REHABILITATION OR LIQUIDATION OF HEALTH MAINTENANCE ORGANIZATION.]

Subdivision 1. [COMMISSIONER OF ~~HEALTH~~ COMMERCE; ORDER.] The commissioner of ~~health~~ may apply by verified petition to the district court of Ramsey county or the county in which the principal office of the health maintenance organization is located for an order directing the commissioner of ~~health~~ to rehabilitate or liquidate a health maintenance organization. The rehabilitation or liquidation of a health maintenance organization shall be conducted under the supervision of the commissioner of ~~health~~ under the procedures, and with the powers granted to a rehabilitator or liquidator, in chapter 60B, except to the extent that the nature of health maintenance organizations renders the procedures or powers clearly inappropriate and as provided in this subdivision or in chapter 60B. A health maintenance organization shall be considered an insurance company for the purposes of rehabilitation or liquidation as provided in subdivisions 4, 6, and 7.

Subd. 4. [POWERS OF REHABILITATOR.] The powers of the rehabilitator include, subject to the approval of the court the power to change premium rates, without the notice requirements of section 62D.07, and the power to amend the terms of provider contracts, and of contracts with participating entities for the provision of administrative, financial, or management services, relating to reimbursement and termination, considering the interests of providers and other contracting participating entities and the continued viability of the health plan.

If the court approves a contract amendment that diminishes the compensation of a provider or of a participating entity providing administrative, financial, or management services to the health maintenance organization, the amendment may not be effective for more than 60 days and shall not be renewed or extended.

Subd. 6. [SPECIAL EXAMINER.] The commissioner as rehabilitator shall make every reasonable effort to employ a senior executive from a successful health maintenance organization to serve as special examiner to rehabilitate the health maintenance organization, provided that the individual does not have a conflict of interest. The special examiner shall have all the powers of the rehabilitator granted under this section and section 60B.17.

Subd. 7. [EXAMINATION ACCOUNT.] The commissioner of health shall assess against a health maintenance organization not yet in rehabilitation or liquidation a fee sufficient to cover the costs of a special examination. The fee must be deposited in an examination account. Money in the account is appropriated to the commissioner of health to pay for the examinations. If the money in the account is insufficient to pay the initial costs of examinations, the commissioner may use other money appropriated to the commissioner, provided the other appropriation is reimbursed from the examination account when it contains sufficient money. Money from the examination account must be used to pay per diem salaries and expenses of special examiners, including meals, lodging, laundry, transportation, and mileage. The salary of regular employees of the health department must not be paid out of the account.

Sec. 33. Minnesota Statutes 1990, section 62D.19, is amended to read:

62D.19 [UNREASONABLE EXPENSES.]

No health maintenance organization shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner of health shall implement and enforce this section by rules adopted under this section.

In an effort to achieve the stated purposes of sections 62D.01 to 62D.30; in order to safeguard the underlying nonprofit status of health maintenance organizations; and to ensure that the payment of health maintenance organization money to major participating entities results in a corresponding benefit to the health maintenance organization and its enrollees, when determining whether an organization has incurred an unreasonable expense in relation to a major participating entity, due consideration shall be given to, in addition to any other appropriate factors, whether the officers and trustees of the health maintenance organization have acted with good faith and in the best interests of the health maintenance organization in entering into, and performing under, a contract under which the health maintenance organization has incurred an expense. The commissioner has standing to sue, on behalf of a health maintenance organization, officers or trustees of the health maintenance organization who have breached their fiduciary duty in entering into and performing such contracts.

Sec. 34. Minnesota Statutes 1990, section 62D.20, subdivision 1, is amended to read:

Subdivision 1. [RULEMAKING.] The commissioner and the commissioner of health may, pursuant to chapter 14, promulgate such reasonable rules as are necessary or proper to carry out the provisions of sections 62D.01 to 62D.30 that are within their respective jurisdictions. Included among ~~such~~ the rules shall be those which provide minimum requirements for the provision of comprehensive health maintenance services, as defined in section 62D.02, subdivision 7, and reasonable exclusions therefrom. Nothing in such rules shall force or require a health maintenance organization to provide elective, induced abortions, except as medically necessary to prevent the death of the mother, whether performed in a hospital, other abortion facility, or the office of a physician; the rules shall provide every health maintenance organization the option of excluding or including elective, induced abortions, except as medically necessary to prevent the death of the mother, as part of its comprehensive health maintenance services.

Sec. 35. Minnesota Statutes 1990, section 62D.21, is amended to read:

62D.21 [FEES.]

Every health maintenance organization subject to sections 62D.01 to 62D.30 shall pay to the commissioner ~~of health~~ fees as prescribed by the commissioner of health pursuant to section 144.122 for the following:

- (a) Filing an application for a certificate of authority,
- (b) Filing an amendment to a certificate of authority,
- (c) Filing each annual report, and
- (d) Other filings, as specified by rule.

Sec. 36. Minnesota Statutes 1990, section 62D.211, is amended to read:

62D.211 [RENEWAL FEE.]

Each health maintenance organization subject to sections 62D.01 to 62D.30 shall submit to the commissioner ~~of health~~ each year before June 15 a certificate of authority renewal fee in the amount of \$10,000 each plus 20 cents per person enrolled in the health maintenance organization on December 31 of the preceding year. The commissioner may adjust the renewal fee in rule under the provisions of chapter 14.

Sec. 37. Minnesota Statutes 1990, section 62D.22, subdivision 10, is amended to read:

Subd. 10. Any person or committee conducting a review of a health maintenance organization or a participating entity, pursuant to sections 62D.01 to 62D.30, shall have access to any data or information necessary to conduct the review. All data or information is subject to admission into evidence in any civil action initiated by the commissioner of ~~health~~ against the health maintenance organization. The data and information are subject to chapter 13.

Sec. 38. Minnesota Statutes 1990, section 62D.24, is amended to read:

62D.24 [STATE COMMISSIONER OF HEALTH'S AUTHORITY TO CONTRACT.]

The commissioner of ~~health~~, in carrying out the obligations under sections 62D.01 to 62D.30, may contract with the commissioner of ~~commerce~~ health or other qualified ~~persons~~ person to make recommendations concerning the determinations required to be made. Such recommendations may be accepted in full or in part by the commissioner of ~~health~~ commerce.

Sec. 39. Minnesota Statutes 1990, section 62D.30, subdivision 1, is amended to read:

Subdivision 1. The commissioner of ~~health~~ may establish demonstration projects to allow health maintenance organizations to extend coverage to:

(a) Individuals enrolled in Part A or Part B, or both, of the medicare program, Title XVIII of the Social Security Act, United States Code, title 42, section 1395 et seq.;

(b) Groups of fewer than 50 employees where each group is covered by a single group health policy;

(c) Individuals who are not eligible for enrollment in any group health maintenance contracts; and

(d) Low income population groups.

For purposes of this section, the commissioner of ~~health~~ may waive compliance with minimum benefits pursuant to sections 62A.151 and 62D.02, subdivision 7, full financial risk pursuant to section 62D.04, subdivision 1 ~~1a~~, clause ~~(f)~~ (b), open enrollment pursuant to section 62D.10, and to applicable rules if there is reasonable evidence that the rules prohibit the operation of the demonstration

project. The commissioner shall provide for public comment before any statute or rule is waived.

Sec. 40. Minnesota Statutes 1990, section 62D.30, subdivision 3, is amended to read:

Subd. 3. A health maintenance organization electing to participate in a demonstration project shall apply to the commissioner for approval on a form developed by the commissioner. The application shall include at least the following:

(a) A statement identifying the population that the project is designed to serve;

(b) A description of the proposed project including a statement projecting a schedule of costs and benefits for the enrollee;

(c) Reference to the sections of Minnesota Statutes and department of health commerce rules for which waiver is requested;

(d) Evidence that application of the requirements of applicable Minnesota Statutes and department of health commerce rules would, unless waived, prohibit the operation of the demonstration project;

(e) Evidence that another arrangement is available for assumption of full financial risk if full financial risk is waived under subdivision 1;

(f) An estimate of the number of years needed to adequately demonstrate the project's effects; and

(g) Other information the commissioner may reasonably require.

Sec. 41. [EFFECT OF TRANSFER OF AUTHORITY.]

Minnesota Statutes, section 15.039, subdivisions 1 to 6, apply to this act.

Sec. 42. [LEGISLATION.]

The commissioner of commerce shall study and make recommendations to the legislature by January 15, 1993 regarding recodification of the provider, treatment, disease, and access mandates contained in Minnesota Statutes, chapters 62A, 62C, 62D, 64B, 72A, and other law relating to health coverages.

Sec. 43. [APPROPRIATION; COMPLEMENT.]

\$1,101,000 for fiscal year 1993 is appropriated from the general fund to the commissioner of commerce for purposes of this article. The approved complement of the department is increased by 11 positions.

Sec. 44. [REPEALER.]

Minnesota Statutes 1990, sections 62D.041, subdivision 4; and 62D.042, subdivision 3, are repealed effective January 1, 1994.

Sec. 45. [REVISOR INSTRUCTION.]

The revisor shall correct the internal references in Minnesota Statutes, chapter 62D, to correspond to the changes made in this article.

Sec. 46. [EFFECTIVE DATE.]

Sections 1 to 44 are effective January 1, 1993."

Delete page 143, line 28 to page 149, line 35 (Article 10), and insert:

"ARTICLE 10

FINANCING

Section 1. [16A.724] [HEALTH CARE ACCESS ACCOUNT.]

A health care access account is created in the general fund. The commissioner shall deposit to the credit of the account money made available to the account.

Sec. 2. Minnesota Statutes 1990, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others not to exceed \$650 for each dependent in grades kindergarten to 6 and \$1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g; and

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491; and

(8) to the extent not deducted in determining federal taxable income, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the 25 percent limit does not apply. If the taxpayer deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(1) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a).

Sec. 3. Minnesota Statutes 1990, section 290.06, is amended by adding a subdivision to read:

Subd. 2g. [HEALTH CARE SURTAX.] A surtax is imposed on the tax liability of individuals, trusts, and estates under subdivision 2c under the following schedules of rates for the following taxable years:

(1) for taxable years beginning after December 31, 1992, and before January 1, 1994:

(i) on \$0 to \$2,500 of tax, one percent; and

(ii) on all over \$2,500 of tax, 2.5 percent; and

(2) for taxable years beginning after December 31, 1993, and before January 1, 1995:

(i) on \$0 to \$2,500 of tax, 2.5 percent; and

(ii) on all over \$2,500 of tax, five percent;

(3) for taxable years beginning after December 31, 1994:

(i) on \$0 to \$2,500 of tax, five percent; and

(ii) on all over \$2,500 of tax, ten percent.

Sec. 4. Minnesota Statutes 1990, section 290.62, is amended to read:

290.62 [DISTRIBUTION OF REVENUES.]

Subdivision 1. [GENERAL RULE.] Except as provided in subdivision 2, all revenues derived from the taxes, interest, penalties and charges under this chapter shall, notwithstanding any other provi-

sions of law, be paid into the state treasury and credited to the general fund, and be distributed as follows:

(1) There shall, notwithstanding any other provision of the law, be paid from this general fund all refunds of taxes erroneously collected from taxpayers under this chapter as provided herein;

(2) There is hereby appropriated to the persons entitled to payment herein, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Subd. 2. [HEALTH CARE ACCESS.] The commissioner shall estimate for each taxable year the revenue that is attributable to the health care surtax under section 3. These revenues, including interest, penalties, and charges, must be deposited in the health care access account in the general fund.

Sec. 5. Minnesota Statutes 1991 Supplement, section 297.02, subdivision 1, is amended to read:

Subdivision 1. [RATES.] A tax is hereby imposed upon the sale of cigarettes in this state or having cigarettes in possession in this state with intent to sell and upon any person engaged in business as a distributor thereof, at the following rates, subject to the discount provided in section 297.03:

(1) On cigarettes weighing not more than three pounds per thousand, ~~21.5~~ 24 mills on each such cigarette;

(2) On cigarettes weighing more than three pounds per thousand, ~~43~~ 48 mills on each such cigarette.

Sec. 6. Minnesota Statutes 1991 Supplement, section 297.03, subdivision 5, is amended to read:

Subd. 5. [SALE OF STAMPS.] The commissioner shall sell stamps to any person licensed as a distributor at a discount of ~~1.1~~ one percent from the face amount of the stamps for the first \$1,500,000 of such stamps purchased in any fiscal year; and at a discount of ~~.65~~ .60 percent on the remainder of such stamps purchased in any fiscal year. The commissioner shall not sell stamps to any other person. The commissioner may prescribe the method of shipment of the stamps to the distributor as well as the quantities of stamps purchased.

Sec. 7. [FLOOR STOCKS TAX.]

Subdivision 1. [CIGARETTES.] A floor stocks tax is imposed on every person engaged in business in this state as a distributor,

retailer, subjobber, vendor, manufacturer, or manufacturer's representative of cigarettes, on the stamped cigarettes in the person's possession or under the person's control at 12:01 a.m. on July 1, 1992. The tax is imposed at the following rates, subject to the discounts in Minnesota Statutes, section 297.03:

(1) on cigarettes weighing not more than three pounds per thousand, 2.5 mills on each cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, five mills on each cigarette.

Each distributor, by July 8, 1992, shall file a report with the commissioner, in the form the commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on July 1, 1992, and the amount of tax due on the cigarettes. The tax imposed by this section is due and payable by August 1, 1992, and after that date bears interest at the rate of one percent a month.

Each retailer, subjobber, vendor, manufacturer, or manufacturer's representative shall file a return with the commissioner, in the form the commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on July 1, 1992, and pay the tax due thereon by August 1, 1992. Tax not paid by the due date bears interest at the rate of one percent a month.

Subd. 2. [AUDIT AND ENFORCEMENT.] The tax imposed by this section is subject to the audit, assessment, and collection provisions applicable to the taxes imposed under Minnesota Statutes, chapter 297C. The commissioner may require a distributor to receive and maintain copies of floor stock tax returns filed by all persons requesting a credit for returned cigarettes.

Subd. 3. [DEPOSIT OF PROCEEDS.] The revenue from the tax imposed under this section shall be deposited by the commissioner in the state treasury and credited to the health care access account in the general fund.

Sec. 8. [TEMPORARY DEPOSIT OF CIGARETTE TAX REVENUES.]

Notwithstanding the provisions of Minnesota Statutes, section 297.13, the revenue provided by 2.5 mills of the tax on cigarettes weighing not more than three pounds per thousand and five mills of the tax on cigarettes weighing more than three pounds per thousand must be credited to the health care access account in the general fund. This section applies only to revenue collected for sales after June 30, 1992, and before January 1, 1994. Revenue includes revenue from the tax, interest, and penalties collected under the provisions of Minnesota Statutes, sections 297.01 to 297.13.

This section expires June 30, 1994.

Sec. 9. [EFFECTIVE DATE.]

Sections 1, 4, 7, and 8 are effective the day following final enactment. Sections 2 and 3 are effective for taxable years beginning after December 31, 1992. Sections 5 and 6 are effective July 1, 1992."

Page 150, after line 22, insert:

"Sec. 2. [MA AND GMAC APPROPRIATION.]

In addition to the appropriations in section 1, \$2,271,000 is appropriated from the general fund for the fiscal year ending June 30, 1993 to the commissioner of human services for the medical assistance and general assistance medical care program.

Sec. 3. [TRANSFER.]

The commissioner of finance shall transfer \$4,971,000 from the health care access account to the general fund for the fiscal year ending June 30, 1993."

ReNUMBER the sections in sequence

Correct internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 3020, A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Reported the same back with the following amendments:

Page 4, delete section 3

ReNUMBER the sections in sequence

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1453, 1838, 1895, 1965, 1977, 1989, 2150, 2335, 2437, 2718, 2719, 2800 and 3020 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Wenzel introduced:

H. F. No. 3038, A bill for an act relating to retirement; purchase of service credit in the public employees retirement association by an ex-school board member of independent school district No. 482.

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

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. 2031, A bill for an act relating to taxation; property; providing for the valuation and assessment of vacant platted property; excluding certain unimproved land sales from sales ratio studies; amending Minnesota Statutes 1990, section 124.2131, subdivision 1; Minnesota Statutes 1991 Supplement, section 273.11, subdivision 1.

The Senate has appointed as such committee:

Meses. Reichgott and Flynn and Mr. Price.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of 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. 2694, A bill for an act relating to public administration; providing for the organization, operation, and administration of programs relating to state government, higher education, infrastructure and regulatory agencies, environment and natural resources, and human resources; making grants; imposing conditions; appropriating money and reducing earlier appropriations; amending Minnesota Statutes 1990, sections 3.21; 3.736, subdivision 8; 5.14; 10A.31, subdivision 4; 15.0597, subdivision 4; 16A.45, by adding a subdivision; 16A.48, subdivision 1; 16B.85, subdivision 5; 17.03, by adding a subdivision; 18B.26, subdivision 3; 44A.0311; 60A.1701, subdivision 5; 69.031, subdivision 5; 72B.04, subdivision 10; 80A.28, subdivision 2; 82.21, subdivision 1; 82B.09, subdivision 1; 85.015, subdivision 7; 85A.04, subdivision 1; 89.035; 89.37, by adding a subdivision; 116J.9673, subdivision 4; 116P.11; 136A.121, by adding a subdivision; 136A.1354, subdivision 4; 136A.29, subdivision 9; 136C.04, by adding a subdivision; 136C.05, subdivision 5; 138.56, by adding a subdivision; 141.21, by adding a subdivision; 144.122; 144.123, subdivision 2; 144A.071, subdivision 2; 144A.073, subdivisions 3a and 5; 147.02, by adding a subdivision; 169.01, subdivision 55; 169.965, by adding a subdivision; 202A.19, subdivision 3; 204B.11, subdivision 1; 204B.27, subdivision 2; 204D.11, subdivisions 1 and 2; 237.701, subdivision 1; 240.14, subdivision 3; 245A.02, by adding a subdivision; 245A.13, subdivision 4; 252.025, subdivision 4; 254A.03, subdivision 2; 256.81; 256.9655; 256.9695, subdivision 3; 256B.02, by adding subdivisions; 256B.035; 256B.056, subdivisions 1a, 5, and by adding a subdivision; 256B.057, by adding a subdivision; 256B.0625, subdivision 9, and by adding subdivisions; 256B.064, by adding a subdivision; 256B.092, by adding a subdivision; 256B.14, subdivision 2; 256B.19, by adding a subdivision; 256B.36; 256B.41, subdivisions 1 and 2; 256B.421, subdivision 1; 256B.431, subdivisions 2i, 4, and by adding subdivisions; 256B.432, by adding a subdivision; 256B.433, subdivisions 1, 2, and 3; 256B.48, subdivisions 1b, 3, and by adding a subdivision; 256B.495, subdivisions 1, 2, and by adding subdivisions; 256B.501, subdivision 3c, and by adding subdivisions; 256D.02, by adding subdivisions; 256D.03, by adding a subdivision; 256D.06, subdivision 5, and by adding a subdivision; 256E.05, by adding a subdivision; 256E.14; 256H.01, subdivision 9, and by adding a subdivision; 256H.10, subdivision 1; 256I.01; 256I.02; 256I.03, subdivisions 2 and 3; 256I.04, as amended; 256I.05, subdivisions 1, 3, 6, 8, 9, and by adding a subdivision; 256I.06; 257.67, subdivision 3; 270.063; 270.71; 298.221; 299E.01, subdivision 1; 340A.301, subdivision 6; 340A.302, subdivision 3; 340A.315, subdivision 1; 340A.317, subdivision 2; 340A.408, subdi-

vision 4; 345.32; 345.33; 345.34; 345.35; 345.36; 345.37; 345.38; 345.39; 345.42, subdivision 3; 352.04, subdivisions 2 and 3; 353.27, subdivision 13; 353.65, subdivision 7; 356.65, subdivision 1; 357.021, subdivision 1a; 357.022; 357.18, by adding a subdivision; 359.01, subdivision 3; 363.071, by adding a subdivision; 363.14, subdivision 3; 466.06; 490.123, by adding a subdivision; 514.67; 518.14; 518.171, subdivisions 1, 3, 4, and 6; 518.175, subdivision 1; 518.54, subdivision 4; 518.551, subdivisions 1, 7, 10, and by adding subdivisions; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 548.091, subdivision 1a; 588.20; 609.131, by adding a subdivision; 609.375, subdivisions 1 and 2; 609.5315, by adding a subdivision; 611.27, by adding subdivisions; and 626.861, subdivision 3; Minnesota Statutes 1991 Supplement, sections 16A.45, subdivision 1; 16A.723, subdivision 2; 17.63; 28A.08; 41A.09, subdivision 3; 43A.316, subdivision 9; 60A.14, subdivision 1; 84.0855; 89.37, subdivision 4; 121.936, subdivision 1; 135A.03, subdivisions 1a, 3a, and 7; 136A.121, subdivision 6; 136A.1353, subdivision 4; 144.50, subdivision 6; 144A.071, subdivisions 3 and 3a; 144A.31, subdivision 2a; 148.91, subdivision 3; 148.921, subdivision 2; 148.925, subdivisions 1, 2, and by adding a subdivision; 168.129, subdivisions 1 and 2; 182.666, subdivision 2; 214.101, subdivision 1; 240.13, subdivisions 5 and 6; 240.15, subdivision 6; 240.18, by adding a subdivision; 245A.03, subdivision 2; 252.28, subdivision 1; 252.46, subdivision 3; 252.50, subdivision 2; 254B.04, subdivision 1; 256.031, subdivision 3; 256.033, subdivisions 1, 2, 3, and 5; 256.034, subdivision 3; 256.035, subdivision 1; 256.0361, subdivision 2; 256.9656; 256.9657, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 2, 20, 21, and by adding a subdivision; 256.9751, subdivisions 1 and 6; 256B.0625, subdivision 13; 256B.0627, subdivision 5; 256B.064, subdivision 2; 256B.0911, subdivisions 3, 8, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 8, 11, 12, and 14; 256B.0915, subdivision 3, and by adding subdivisions; 256B.0917, subdivisions 2, 3, 4, 5, 6, 7, 8, and 11; 256B.092, subdivision 4; 256B.431, subdivisions 2l and 3f; 256B.49, subdivision 4; 256B.74, subdivisions 1 and 3; 256D.03, subdivision 4; 256D.05, subdivision 1; 256D.051, subdivisions 1 and 1a; 256D.10; 256D.101, subdivision 3; 256H.03, subdivisions 4 and 6; 256H.05, subdivision 1b, and by adding a subdivision; 256I.05, subdivisions 1a, 1b, 2, and 10; 268.914, subdivision 2; 340A.311; 340A.316; 340A.504, subdivision 3; 349A.10, subdivision 3; 357.021, subdivision 2; 508.82; 508A.82; 518.551, subdivisions 5 and 12; 518.64, subdivisions 1, 2, and 5; 611.27, subdivision 7; and 626.861, subdivisions 1 and 4; Laws 1991, chapters 233, sections 2, subdivision 2; and 3; 254, article 1, sections 7, subdivision 5; and 14, subdivision 19; and 356, articles 1, section 5, subdivision 4; 2, section 6, subdivision 3; and 6, section 4, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 4A; 16B; 44A; 84; 136C; 137; 144; 144A; 241; 244; 245; 246; 252; 256B; 256I; 290; and 518; repealing Minnesota Statutes 1990, sections 41A.051; 84.0885; 84A.51, subdivisions 3 and 4; 89.036; 136A.143; 136C.13, subdivision 2; 141.21, subdivision 2; 144A.15, subdivision 6; 211A.04, subdivision 2; 245.0311; 245.0312; 246.14; 253B.14; 256B.056, subdivision 3a; 256B.495,

subdivision 3; 256I.05, subdivision 7; 270.185; and 609.37; Minnesota Statutes 1991 Supplement, sections 97A.485, subdivision 1a; 256.9657, subdivision 5; 256.969, subdivision 7; 256B.74, subdivisions 8 and 9; and 256I.05, subdivision 7a; Laws 1991, chapter 292, article 4, section 77.

The Senate has appointed as such committee:

Messrs. Luther, Kroening, Samuelson, Langseth and Frederickson, D. R.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of 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. 2940, A bill for an act relating to the financing and operation of government in Minnesota; changing the funding and payment of certain aids to local governments; modifying the administration, computation, collection, and enforcement of taxes and refunds; changing tax rates, bases, credits, exemptions, and payments; reducing the amount in the budget and cash flow reserve account; updating references to the Internal Revenue Code; changing certain bonding provisions; making technical corrections and clarifications; enacting provisions relating to certain cities, counties, and watershed districts; imposing penalties; appropriating money; amending Minnesota Statutes 1990, sections 60A.15, subdivision 1; 60A.19, subdivision 6; 103B.241; 103B.335; 103F.221, subdivision 3; 124.2131, subdivision 1; 174.27; 268.672, by adding subdivisions; 268.6751, subdivision 1; 268.676, subdivision 1; 268.677, subdivisions 1 and 2; 268.681, subdivisions 1, 2, and 3; 268.682, subdivisions 1, 2, and 3; 270.075, subdivision 1; 270A.05; 270A.07, subdivisions 1 and 2; 270A.11; 270B.01, subdivision 8; 271.06, subdivision 7; 272.115; 273.11, by adding subdivisions; 273.13, subdivision 24; 273.135, subdivision 2; 274.19, subdivision 8; 274.20, subdivisions 1, 2, and 4; 278.01, subdivision 2; 278.02; 282.01, subdivision 7; 282.012; 282.09, subdivision 1; 282.241; 282.36; 289A.25, by adding a subdivision; 289A.26, subdivisions 3, 4, 7, and 9; 289A.50, subdivision 5; 290.05, subdivision 4; 290.06, by adding a subdivision; 290.091, subdivision 6; 290.0922, subdivision 2; 290.9201, subdivision 11; 290.923, by adding a subdivision; 290A.03, subdivision 8; 290A.19; 290A.23; 297A.01, by adding a subdivision; 297A.02, by adding a subdivision; 297A.14, subdivision 1; 297A.15, subdivisions 5 and 6; 297A.25, subdivisions 11, 45, and by adding subdivisions; 297B.01, subdivision 8; 327C.01, by adding a subdivision; 327C.12; 373.40, subdivision 7; 383.06; 383B.152; 398A.06, subdivision 2; 401.02, subdivision 3; 401.05; 414.0325, by adding a subdivision; 414.033, subdivisions 2, 3, 5, and by adding a

subdivision; 462A.22, subdivision 1; 469.107, subdivision 2; 469.153, subdivision 2; 469.177, subdivision 1a; 471.571, subdivision 2; 473.388, subdivision 4; 473.446, subdivision 1; 473.711, subdivision 2; 473H.10, subdivision 3; 477A.013, subdivision 5; 477A.015; 477A.12; 477A.13; 488A.20, subdivision 4; 541.07; and 641.24; Minnesota Statutes 1991 Supplement, sections 4A.02; 16A.15, subdivision 6; 16A.711, subdivision 4; 47.209; 69.021, subdivisions 5 and 6; 124A.23, subdivision 1; 256.025, subdivisions 3 and 4; 256E.05, subdivision 3; 256E.09, subdivision 6; 270A.04, subdivision 2; 270A.08, subdivision 2; 271.21, subdivision 6; 272.02, subdivision 1; 273.11, subdivision 1; 273.124, subdivisions 1, 6, 9, and 13; 273.13, subdivisions 22 and 25, as amended; 273.1398, subdivisions 5 and 7; 273.1399; 275.065, subdivisions 3, 5a, and 6; 275.125, subdivisions 5 and 6j; 276.04, subdivision 2; 277.17; 278.01, subdivision 1; 278.05, subdivision 6; 279.01, subdivision 1; 279.03, subdivision 1a; 281.17; 289A.20, subdivisions 1 and 4; 289A.26, subdivisions 1 and 6; 290.01, subdivisions 19 and 19a; 290.06, subdivision 23; 290.0671, subdivision 1; 290.091, subdivision 2; 290.0921, subdivision 8; 290.0922, subdivision 1; 290.92, subdivision 23; 290A.04, subdivision 2h; 297A.01, subdivision 3; 297A.135, subdivision 1, and by adding a subdivision; 297A.21, subdivision 4; 297A.25, subdivision 12, as amended; 375.192, subdivision 2; 423A.02, subdivision 1a; and 477A.011, subdivisions 27 and 29; Laws 1971, chapter 773, sections 1, subdivision 2, as amended; and 2, as amended; Laws 1990, chapter 604, article 6, section 11; Laws 1991, chapter 291, articles 1, section 65; 2, section 3; and 7, section 27; proposing coding for new law in Minnesota Statutes, chapters 13; 60A; 207A; 216B; 268; 275; 289A; 290A; 297; 297A; 473F; and 477A; repealing Minnesota Statutes 1990, sections 60A.15, subdivision 6; 134.342, subdivisions 2 and 4; 268.6751, subdivision 2; 289A.12, subdivision 1; 290.48, subdivision 7; 297.32, subdivision 7; and 414.031, subdivision 5; Minnesota Statutes 1991 Supplement, sections 271.04, subdivision 2; 273.124, subdivision 15; 295.367; and 477A.03, subdivision 1.

The Senate has appointed as such committee:

Messrs. Johnson, D. J.; Pogemiller and Frederickson, D. J.; Mrs. Brataas and Ms. Reichgott.

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 Files, herewith transmitted:

S. F. Nos. 2206, 2213, 2314, 2396, 2434 and 2743.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2206, A resolution memorializing Congress to allow doctors of chiropractic status as commissioned officers in the military.

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

S. F. No. 2213, A bill for an act relating to commerce; regulating bank charters, the purchase and sale of property, relocations, loans, detached facilities, capital and surplus requirements, and clerical services; regulating the report and audit schedules and account insurance of credit unions; regulating business changes of industrial loan and thrifts; regulating business changes, license requirements, loan security, and interest rates of regulated lenders; providing special corporate voting and notice provisions for banking corporations; regulating investments in share certificates; authorizing credit unions to make reverse mortgage loans; regulating credit unions as depositories of various funds; authorizing the establishment of additional detached facilities in the cities of Duluth, Dover, Millville, and New Scandia; modifying real estate appraiser requirements; amending Minnesota Statutes 1990, sections 41B.19, subdivision 6; 46.041, subdivision 4; 46.044; 46.047, subdivision 2; 46.048, subdivision 3; 46.07, subdivision 2; 47.10; 47.101, subdivision 3; 47.20, subdivisions 2, 4a, and 5; 47.54; 47.55; 47.58, subdivision 1; 48.02; 48.64; 48.86; 48.89, subdivision 5; 49.34, subdivision 2; 50.14, subdivision 13; 52.06, subdivision 1; 52.24, subdivision 1; 53.03, subdivision 5; 53.09, subdivision 2; 56.04; 56.07; 56.12; 56.131, subdivision 4; 61A.09, subdivision 3; 62B.02, by adding a subdivision; 62B.04, subdivisions 1 and 2; 80A.14, subdivision 9; 82B.13, as amended; 116J.8765, subdivision 4; 118.01, subdivision 1; 118.10; 136.31, subdivision 6; 300.23; 300.52, subdivision 1; 332.13, subdivision 2; 356A.06, subdivision 6; 427.01; 446A.11, subdivision 9; 475.67, subdivision 5; Minnesota Statutes 1991 Supplement, sections 11A.24, subdivision 4; 48.512, subdivision 4; 52.04, subdivision 1; 82B.11, subdivisions 3 and 4; and 82B.14; repealing Minnesota Statutes 1990, section 48.03, subdivisions 4 and 5.

The bill was read for the first time.

Skoglund moved that S. F. No. 2213 and H. F. No. 1680, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2314, A bill for an act relating to the city of Minneapolis; requiring an equitable participation by planning districts in neigh-

borhood revitalization programs; amending Minnesota Statutes 1990, section 469.1831, by adding a subdivision.

The bill was read for the first time.

Rice moved that S. F. No. 2314 and H. F. No. 2302, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2396, A bill for an act relating to retirement; first class city teachers; making various changes in administrative provisions of laws governing the first class city teachers retirement fund associations; providing authority for the Minneapolis teachers retirement fund association to amend its articles of incorporation to modify disability benefits for basic program members; amending Minnesota Statutes 1990, sections 354A.011, subdivisions 4, 8, 11, 12, 13, 15, 21, 24, and 27; 354A.021, subdivision 6; 354A.05; 354A.08; 354A.096; 354A.31, subdivision 3; 354A.36, subdivision 3; and 354A.38, subdivision 3; 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.

The bill was read for the first time.

O'Connor moved that S. F. No. 2396 and H. F. No. 2474, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2434, A bill for an act relating to retirement; providing continued coverage in the Minnesota state retirement system for certain employees; amending Minnesota Statutes 1990, sections 352.01, subdivision 2a; and 352.04, subdivision 6.

The bill was read for the first time.

Simoneau moved that S. F. No. 2434 and H. F. No. 2601, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2743, A bill for an act relating to insurance; regulating Medicare supplement; making various changes in state law required by the federal government; regulating coverages and practices; regulating the Minnesota comprehensive health association; increasing the maximum lifetime benefit amounts of certain state plan coverages; extending the effective date of the authorization of use of experimental delivery methods; amending Minnesota Statutes 1990, sections 62A.31, by adding subdivisions; 62A.315;

62A.36, subdivision 1; 62A.38; 62A.39; 62A.42; 62A.436; 62A.44; and 62E.07; Minnesota Statutes 1991 Supplement, sections 62A.31, subdivision 1; 62A.316; 62E.10, subdivision 9; and 62E.12; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time.

Skoglund moved that S. F. No. 2743 and H. F. No. 1791, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Welle, from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bills as Special Orders to be acted upon immediately following printed Special Orders for Thursday, April 9, 1992:

H. F. Nos. 1997, 2501 and 1791; S. F. No. 2380; H. F. Nos. 2773 and 2261; S. F. Nos. 2185, 2694, 522, 1805, 2088 and 2547; H. F. No. 2001; S. F. Nos. 1801 and 1938; H. F. No. 2265; S. F. Nos. 2194 and 1729; H. F. No. 2025; S. F. Nos. 1935 and 1590; H. F. No. 217; S. F. Nos. 2111 and 2499; H. F. No. 2804; and S. F. No. 979.

SPECIAL ORDERS

S. F. No. 2298 was reported to the House.

Peterson moved that S. F. No. 2298 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 512 was reported to the House.

Bertram moved that S. F. No. 512 be continued on Special Orders. The motion prevailed.

H. F. No. 2147 was reported to the House.

Dawkins moved to amend H. F. No. 2147, the first engrossment, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1991 Supplement, section 16B.61, subdivision 3, is amended to read:

Subd. 3. [SPECIAL REQUIREMENTS.] (a) [SPACE FOR COMMUTER VANS.] The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) [SMOKE DETECTION DEVICES.] The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) [DOORS IN NURSING HOMES AND HOSPITALS.] The state building code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) [CHILD CARE FACILITIES IN CHURCHES; GROUND LEVEL EXIT.] A licensed day care center serving fewer than 30 preschool age persons and which is located in a below ground space in a church building is exempt from the state building code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) [CHILD CARE FACILITIES IN CHURCHES; VERTICAL ACCESS.] Until August 1, 1996, an organization providing child care in an existing church building which is exempt from taxation under section 272.02, subdivision 1, clause (5), shall have five years from the date of initial licensure under chapter 245A to provide interior vertical access, such as an elevator, to persons with disabilities as required by the state building code. To obtain the extension, the organization providing child care must secure a \$2,500 performance bond with the commissioner of human services to ensure that interior vertical access is achieved by the agreed upon date.

(f) [FAMILY AND GROUP FAMILY DAY CARE.] The commissioner of administration shall establish a task force to determine occupancy standards specific and appropriate to family and group family day care homes and to examine hindrances to establishing day care facilities in rural Minnesota. The task force must include representatives from rural and urban building code inspectors, rural and urban fire code inspectors, rural and urban county day care licensing units, rural and urban family and group family day care

providers and consumers, child care advocacy groups, and the departments of administration, human services, and public safety.

By January 1, 1989, the commissioner of administration shall report the task force findings and recommendations to the appropriate legislative committees together with proposals for legislative action on the recommendations.

Until the legislature enacts legislation specifying appropriate standards, the definition of Group R-3 occupancies in the state building code applies to family and group family day care homes licensed by the department of human services under Minnesota Rules, chapter 9502.

(g) [MINED UNDERGROUND SPACE.] Nothing in the state building codes shall prevent cities from adopting rules governing the excavation, construction, reconstruction, alteration, and repair of mined underground space pursuant to sections 469.135 to 469.141, or of associated facilities in the space once the space has been created, provided the intent of the building code to establish reasonable safeguards for health, safety, welfare, comfort, and security is maintained.

(h) [ENCLOSED STAIRWAYS.] No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(i) [DOUBLE CYLINDER DEAD BOLT LOCKS.] No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(j) [RELOCATED RESIDENTIAL BUILDINGS.] A residential building relocated within or into a political subdivision of the state need not comply with the state energy code or section 326.371 provided that, where available, an energy audit is conducted on the relocated building.

(k) [AUTOMATIC GARAGE DOOR OPENING SYSTEMS.] The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(l) [EXIT SIGN ILLUMINATION.] The code must prohibit the use of incandescent bulbs, except for battery-powered back-up bulbs, in internally illuminated exit signs. A requirement for multiple lamps

in an internally illuminated exit sign is waived if the exit sign is equipped or retrofitted with a fluorescent lamp."

Page 4, after line 20, insert:

"Sec. 5. Minnesota Statutes 1991 Supplement, section 299F.011, subdivision 4c, is amended to read:

Subd. 4c. [EXIT SIGN ILLUMINATION.] The uniform fire code must prohibit the use of incandescent bulbs, except for battery-powered back-up bulbs, in internally illuminated exit signs. A requirement for multiple lamps in an internally illuminated exit sign is waived if the exit sign is equipped or retrofitted with a fluorescent lamp."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Wagenius and Thompson moved to amend H. F. No. 2147, the first engrossment, as amended, as follows:

Page 1, line 14, after the semicolon, insert "or"

Page 1, delete lines 15 to 16

Page 1, line 17, delete "(4)" and insert "(2)"

Page 1, after line 17, insert:

"A person may not knowingly place mercury or a thermostat, thermometer, electric switch, appliance, or medical or scientific instrument from which the mercury has not been removed for reuse or recycling:

(1) in a solid waste processing facility; or

(2) in a solid waste disposal facility."

Page 2, line 17, before the period insert ", except for traces of materials that may inadvertently pass through a filtration system during a dental procedure"

Page 2, line 18, delete “person” and insert “manufacturer or wholesaler may not advertise for sale or sell and a retailer may not knowingly”

Page 3, line 1, delete “installing” and insert “replacing”

Page 3, line 29, after the period insert “This paragraph does not apply to a person who incidentally sells fluorescent or high intensity discharge lamps at retail to the specified purchasers.”

Page 4, delete subdivision 8

Page 4, line 14, delete “9” and insert “8”

Page 4, line 15, before “contains” insert “the person knows”

Page 4, line 17, delete “10” and insert “9”

Page 4, line 29, delete everything after “replaced”

Page 4, line 30, delete everything before “are”

Page 4, line 35, after “7,” insert “and”

Page 4, line 36, delete “, and 9”

Page 5, line 1, before the period insert “and subdivision 3 applies to items manufactured on and after that date”

The motion prevailed and the amendment was adopted.

H. F. No. 2147, A bill for an act relating to the environment; banning placement of mercury in solid waste; regulating the sale and use of mercury; requiring recycling of mercury in certain products; altering exit sign requirements in the state building and fire codes; amending Minnesota Statutes 1991 Supplement, sections 16B.61, subdivision 3; 115A.9561, subdivision 2; and 299F.011, subdivision 4c; proposing coding for new law in Minnesota Statutes, chapters 115A and 116.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams
Anderson, I.

Anderson, R.
Anderson, R. H.

Battaglia
Bauerly

Beard
Begich

Bettermann
Bishop

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

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

S. F. No. 1716 was reported to the House.

Bishop moved to amend S. F. No. 1716, the unofficial engrossment, as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1991 Supplement, section 204B.16, subdivision 2, is amended to read:

Subd. 2. [SINGLE POLLING PLACE PERMITTED.] The governing body of any city of the third or fourth class or any town having more than one precinct or of any city with territory in more than one county may by ordinance or resolution designate a single, accessible, centrally located polling place where all the voters of the city or town shall cast their ballots. A single polling place may also be established for two or more precincts combined in the manner provided in section 204B.14, subdivision 6 8. A single board of election judges may be appointed to serve at this polling place. The number of election judges appointed shall be determined by considering the number of voters in the entire city or town as if they were voters in a single precinct. Separate ballot boxes shall be provided and separate returns made for each precinct in the city or town."

Page 1, line 6, delete "Section 1" and insert "Sec. 2."

Page 1, line 12, delete "2" and insert "3"

Page 2, line 1, delete "3" and insert "4"

Page 2, line 8, delete "4" and insert "5"

Page 2, line 22, delete "5" and insert "6"

Page 2, line 23, delete "This act takes" and insert "Sections 2 to 5 take"

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1716, A bill for an act relating to Olmsted county; permitting the appointment of the recorder; authorizing the abolishment and reorganization of the office.

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

The question was taken on the passage of the bill and the roll was called. There were 77 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Garcia	Koppendrayner	Ogren	Schreiber
Anderson, R. H.	Goodno	Lasley	Olsen, S.	Segal
Battaglia	Greenfield	Lieder	Olson, E.	Simoneau
Beard	Gruenes	Limmer	Orenstein	Skoglund
Bishop	Hanson	Lourey	Orfield	Stanisus
Blatz	Hausman	Lynch	Osthoff	Swenson
Bodahl	Henry	Mariani	Ostrom	Trimble
Boo	Jacobs	McEachern	Ozment	Valento
Carlson	Janezich	McGuire	Pauly	Vanasek
Carruthers	Jaros	Milbert	Pellow	Vellenga
Clark	Jefferson	Morrison	Pugh	Wagenius
Cooper	Johnson, A.	Munger	Reding	Wejzman
Dawkins	Kahn	Murphy	Rest	Spk. Long
Dempsey	Kelso	Nelson, K.	Rukavina	
Dorn	Kinkel	Newinski	Runbeck	
Farrell	Knickerbocker	O'Connor	Sarna	

Those who voted in the negative were:

Abrams	Frederick	Jennings	Pelowski	Thompson
Anderson, R.	Frerichs	Johnson, R.	Peterson	Tompkins
Bauerly	Girard	Johnson, V.	Rice	Uphus
Bertram	Gutknecht	Kalis	Schafer	Waltman
Bettermann	Hartle	Krambeer	Seaberg	Weaver
Brown	Hasskamp	Krueger	Smith	Welker
Dauner	Haukoos	Leppik	Solberg	Welle
Davids	Heir	McPherson	Sparby	Wenzel
Dille	Hufnagle	Omann	Steensma	Winter
Erhardt	Hugoson	Onnen	Sviggum	

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

H. F. No. 1997, A bill for an act relating to retirement; higher education individual retirement account plan; amending Minnesota Statutes 1990, sections 354B.04, subdivision 1; and 354B.05, subdivision 1; Minnesota Statutes 1991 Supplement, section 354B.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 354B.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2501 was reported to the House.

Dawkins, Morrison, Bodahl and Simoneau moved to amend H. F. No. 2501, the first engrossment, as follows:

Page 3, line 26, strike everything after the period

Page 3, lines 27 to 35, delete the new language and strike the old language

Page 3, after line 35, insert:

“Sec. 4. Minnesota Statutes 1990, section 462A.05, is amended by adding a subdivision to read:

Subd. 38. [NEIGHBORHOOD LAND TRUSTS.] The agency may make loans with or without interest for the purpose of funding neighborhood land trusts under sections 462A.30 and 462A.31 from monies other than state general obligation bond proceeds. To assure the long-term affordability of housing provided by the neighborhood land trust, the neighborhood land trust must own the land acquired in whole or in part with a loan from the agency under this section under terms and conditions determined by the agency. The agency may convert the loan to a grant under circumstances approved by the agency.”

Page 5, after line 7, insert:

“Sec. 7. Minnesota Statutes 1990, section 462A.202, subdivision 1, is amended to read:

Subdivision 1. [ACCOUNT.] The local government unit housing account is established as a separate account in the housing development fund. Money in the account is appropriated to the agency for loans to cities for the purposes specified in this section. The agency must take steps to ensure distribution of the funds around the state.”

Page 5, line 11, strike “local government units” and insert “cities”

Page 5, line 16, strike “local government”

Page 5, line 17, strike “units” and insert “cities”

Page 5, line 19, strike everything after the period

Page 5, lines 20 to 36, strike the old language and delete the new language

Page 6, lines 1 to 7, strike the old language and delete the new language and insert “Loans under this subdivision are subject to the restrictions in section 10.””

Page 6, after line 7, insert:

“Sec. 9. Minnesota Statutes 1990, section 462A.202, is amended by adding a subdivision to read:

Subd. 6. [NEIGHBORHOOD LAND TRUSTS.] The agency may make loans with or without interest to cities to finance the capital costs of a land trust project undertaken pursuant to sections 462A.30 and 462A.31. Loans under this subdivision are subject to the restrictions in section 10.

Sec. 10. Minnesota Statutes 1990, section 462A.202, is amended by adding a subdivision to read:

Subd. 7. [RESTRICTIONS.] (a) Except as provided in paragraphs (b), (c), and (d), the city must own the property financed with a loan under this section and use the property for the purposes specified in this section:

(1) the city may sell the property at its fair market value provided it repays the lesser of the net proceeds of the sale or the amount of the loan balance to the agency for deposit in the local government unit housing account; or

(2) the city may use the property for a different purpose provided that the city repays the amount of the original loan.

If the city owns and uses the property for the purposes specified in this section for a 20-year period, the agency shall forgive the loan.

(b) In cases where the property consists of land only, including land on which buildings acquired with a loan under this section are demolished by the city, the city may lease the property for a term not to exceed 99 years to a nonprofit corporation to use for the purposes specified in this section.

(c) In cases where the property consists of land and buildings, the city may do the following:

(1) demolish the buildings in whole or in part and use or lease the property under paragraph (b);

(2) sell the buildings to a nonprofit corporation to use for the purposes specified in this section. If sold, the city must sell the buildings for fair market value and repay the proceeds of the sale to the agency for deposit in the local government unit housing account;

(3) lease the buildings to a nonprofit corporation to use for the purposes specified in this section. If leased, except as provided in paragraph (d), the annual rental must equal the amount of the loan attributable to the cost of the buildings, divided by the number of years of useful life of the buildings as determined in accordance with generally accepted accounting principles. For purposes of determining the required rental, the purchase price of land and buildings

must be allocated between them based on standard valuation procedures; or

(4) contract with a nonprofit organization to manage the property.

(d) A city may lease a building to a nonprofit organization for a nominal amount under the following conditions:

(1) the lease does not exceed ten years;

(2) the city must have the option to cancel the lease with or without cause at the end of any three-year period; and

(3) the city must determine annually that the property is being used for the purposes specified in this section and that the terms of the lease, including any income limits for residents, are being met."

Page 6, line 18, delete the colon and insert "a city or"

Page 6, line 19, delete "(1)"

Page 6, line 22, reinstate the stricken language and delete the new language

Page 6, delete lines 23 to 25

Page 6, line 26, delete the paragraph coding

Page 7, line 3, delete everything after "CITY" and insert "LAND TRUST.]"

Page 7, delete lines 4 and 5

Page 7, line 6, delete "authority" and insert "A city" and after "may" insert "by resolution determine to"

Page 7, line 7, delete everything after the period

Page 7, delete lines 8 to 10

Page 7, line 28, delete "section" and insert "sections"

Page 7, line 29, after the semicolon insert "and 462A.202, subdivisions 3, 4, and 5,"

Page 7, line 32, delete ", 6, 7, and 9" and insert "to 18"

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 9, after "14a" insert ", and by adding a subdivision"

Page 1, line 10, delete the second "subdivision" and insert "subdivisions 1," and after "2" insert ", and by adding subdivisions"

The motion prevailed and the amendment was adopted.

The Speaker called Krueger to the Chair.

Clark moved to amend H. F. No. 2501, the first engrossment, as amended, as follows:

Page 2, after line 23, insert:

"Sec. 2. Minnesota Statutes 1991 Supplement, section 462A.05, subdivision 20a, is amended to read:

Subd. 20a. [SPECIAL NEEDS HOUSING FOR CHEMICALLY DEPENDENT ADULTS.] (a) The agency may make loans or grants to for-profit, limited-dividend, or nonprofit sponsors, as defined by the agency, for residential housing to be used to provide ~~temporary or transitional~~ housing to low- and moderate-income persons ~~and families having an immediate need for temporary or transitional housing as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing, or other cause defined by the agency who are chronic chemically dependent adults.~~

(b) ~~Loans or grants for housing for chronic chemically dependent adults may be made under this subdivision.~~ Housing for chronic chemically dependent adults must satisfy the following conditions:

(1) be certified by the department of health or the city as a board and lodging facility or single residence occupancy housing;

(2) meet all applicable health, building, fire safety, and zoning requirements;

(3) be located in an area significantly distant from the present location of county detoxification service sites;

(4) make available the services of trained personnel to appraise each client before or upon admission and to provide information

about medical, job training, and chemical dependency services as necessary;

(5) provide on-site security designed to assure the health and safety of clients, staff, and neighborhood residents; and

(6) operate with the guidance of a neighborhood-based board.

Priority for loans and grants made under this paragraph must be given to proposals that address the needs of the Native American population and veterans of military services for this type of housing.

(c) Loans or grants pursuant to this subdivision must not be used for facilities that provide housing available for occupancy on less than a 24-hour continuous basis. To the extent possible, a sponsor shall combine the loan or grant with other funds obtained from public and private sources. In making loans or grants, the agency shall determine the circumstances, terms, and conditions under which all or any portion of the loan or grant will be repaid and the appropriate security should repayment be required."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Schreiber moved to amend the Clark amendment to H. F. No. 2501, the first engrossment, as amended, as follows:

Page 1, line 9, reinstate the stricken "temporary"

Page 1, line 10, reinstate the stricken "or transitional"

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

The question recurred on the Clark amendment and the roll was called. There were 79 yeas and 52 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Beard	Carlson	Dauner	Greenfield
Anderson, R.	Begich	Carruthers	Dawkins	Hanson
Battaglia	Bertram	Clark	Farrell	Hasskamp
Bauerly	Bodahl	Cooper	Garcia	Hausman

Heir	Krueger	O'Connor	Rice	Thompson
Jacobs	Lasley	Ogren	Rodosovich	Trimble
Janezich	Lieder	Olson, E.	Rukavina	Tunheim
Jaros	Lourey	Olson, K.	Sarna	Vanasek
Jefferson	Mariani	Onnen	Schreiber	Vellenga
Jennings	McEachern	Orenstein	Segal	Wagenius
Johnson, A.	McGuire	Orfield	Simoneau	Wejman
Johnson, R.	Milbert	Osthoff	Skoglund	Welle
Kahn	Munger	Peterson	Smith	Wenzel
Kalis	Murphy	Pugh	Solberg	Winter
Kelso	Nelson, K.	Reding	Sparby	Spk. Long
Kinkel	Nelson, S.	Rest	Steensma	

Those who voted in the negative were:

Abrams	Frederick	Johnson, V.	Olsen, S.	Sviggm
Anderson, R. H.	Frerichs	Koppendraye	Omann	Swenson
Bettermann	Girard	Krambeer	Ostrom	Tompkins
Blatz	Goodno	Krinkie	Ozment	Uphus
Boo	Gruenes	Leppik	Pauly	Valento
Brown	Gutknecht	Limmer	Pellow	Waltman
Dauids	Hartle	Lynch	Pelowski	Weaver
Deimpsey	Haukoos	Macklin	Runbeck	Welker
Dille	Henry	McPherson	Schafer	
Dorn	Hufnagle	Morrison	Seaberg	
Erhardt	Hugoson	Newinski	Stanis	

The motion prevailed and the amendment was adopted.

H. F. No. 2501, A bill for an act relating to housing; modifying provisions of rehabilitation loans, loans and grants for housing for chemically dependent adults, lease-purchase housing, and urban and rural homesteading; limiting use of emergency rules; modifying limitations on the use of bond proceeds; modifying provisions of publicly-owned transitional housing program; modifying provisions for neighborhood land trusts; amending Minnesota Statutes 1990, sections 462A.05, subdivision 14a, and by adding a subdivision; 462A.06, subdivision 11; and 462A.202, subdivisions 1, 2, and by adding subdivisions; Minnesota Statutes 1991 Supplement, sections 462A.05, subdivisions 20a, 36, and 37; 462A.073, subdivision 2; 462A.30, subdivisions 6, 8, and 9; and 462A.31, by adding subdivisions; repealing Minnesota Statutes 1990, sections 462A.057, subdivisions 2, 3, 4, 5, 6, 7, 8, 9, and 10; and 462A.202, subdivisions 3, 4, and 5; and Laws 1991, chapter 292, article 9, section 35.

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

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

Those who voted in the affirmative were:

Anderson, I.	Beard	Blatz	Carlson	Dauner
Anderson, R.	Begich	Bodahl	Carruthers	Dauids
Battaglia	Bertram	Boo	Clark	Dawkins
Bauerly	Bishop	Brown	Cooper	Dorn

Erhardt	Jennings	Milbert	Pelowski	Steensma
Farrell	Johnson, A.	Morrison	Peterson	Swenson
Garcia	Johnson, R.	Munger	Pugh	Thompson
Goodno	Kahn	Murphy	Reding	Tompkins
Greenfield	Kalis	Nelson, K.	Rest	Trimble
Gruenes	Kelso	Nelson, S.	Rice	Tunheim
Hanson	Kinkel	Ogren	Rodosovich	Vanasek
Hasskamp	Krambeer	Olson, E.	Rukavina	Vellenga
Hausman	Krueger	Olson, K.	Runbeck	Wagenius
Heir	Lasley	Omann	Sarna	Weaver
Henry	Lieder	Orenstein	Segal	Wejcman
Jacobs	Lourey	Orfield	Simoneau	Welle
Janezich	Lynch	Osthoff	Skoglund	Wenzel
Jaros	Mariani	Ostrom	Solberg	Winter
Jefferson	McGuire	Pauly	Sparby	Spk. Long

Those who voted in the negative were:

Abrams	Gutknecht	Krinkie	Ozment	Uphus
Anderson, R. H.	Hartle	Leppik	Pellow	Valento
Bettermann	Haukoos	Limmer	Schafer	Waltman
Dempsey	Hufnagle	Macklin	Schreiber	Welker
Dille	Hugoson	McPherson	Seaberg	
Frederick	Johnson, V.	Newinski	Smith	
Frerichs	Knickerbocker	Olsen, S.	Stanius	
Girard	Koppendrayner	Onnen	Sviggun	

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

S. F. No. 2298 which was temporarily laid over earlier today was again reported to the House.

Runbeck, Seaberg, Swenson, Macklin, Stanius and Pauly offered an amendment to S. F. No. 2298.

POINT OF ORDER

Osthoff raised a point of order pursuant to rule 3.09 that the Runbeck et al amendment was not in order. Speaker pro tempore Krueger ruled the point of order well taken and the amendment out of order.

Hanson and Beard offered an amendment to S. F. No. 2298.

POINT OF ORDER

Sviggun raised a point of order pursuant to rule 3.09 that the Hanson and Beard amendment was not in order. Speaker pro

tempore Krueger ruled the point of order well taken and the amendment out of order.

S. F. No. 2298, A bill for an act relating to watershed districts; requiring counties to provide public notice prior to making watershed district manager appointments; modifying requirements for appointing watershed district managers; exempting watershed districts from permit fees charged by political subdivisions; requiring watershed district audits by certified public accountants or the state auditor under certain circumstances; clarifying procedures for appealing watershed district decisions; allowing recovery of attorney fees; amending Minnesota Statutes 1990, sections 103D.311, subdivisions 2 and 3; 103D.335, by adding a subdivision; 103D.355, subdivision 1; 103D.535, subdivision 1; and 103D.545, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 103D.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 2380, A bill for an act relating to the legislature; requiring committees and commissions of the legislature to consider the effect of proposed legislation on the state's science and technology policy; proposing coding for new law in Minnesota Statutes, chapter 3.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2773, A bill for an act relating to housing and redevelopment authorities; permitting use of general obligation bonds for housing development projects; amending Minnesota Statutes 1990, section 469.034.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Olsen, S.	Skoglund
Anderson, I.	Frerichs	Kinkel	Olson, E.	Smith
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Solberg
Anderson, R. H.	Girard	Koppendrayner	Omann	Sparby
Battaglia	Goodno	Krambeer	Onnen	Stanius
Bauerly	Greenfield	Krinkie	Orenstein	Steensma
Beard	Gruenes	Krueger	Orfield	Swiggum
Begich	Gutknecht	Lasley	Osthoff	Swenson
Bertram	Hanson	Leppik	Ostrom	Thompson
Bettermann	Hartle	Lieder	Ozment	Tompkins
Bishop	Hasskamp	Limmer	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	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	Kahn	O'Connor	Segal	
Farrell	Kalis	Ogren	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 2261, A bill for an act relating to state government; executive council; regulating depositories for state funds; requiring state depositories to satisfy community reinvestment standards; amending Minnesota Statutes 1990, section 9.031, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 9; repealing Minnesota Statutes 1990, section 9.031, subdivisions 1, 2, 3, 4, 5, and 10.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bishop	Davids	Girard	Henry
Anderson, I.	Blatz	Dawkins	Goodno	Hufnagle
Anderson, R.	Bodahl	Dempsey	Gruenes	Hugoson
Anderson, R. H.	Boo	Dille	Gutknecht	Jacobs
Battaglia	Brown	Dorn	Hanson	Janezich
Bauerly	Carlson	Erhardt	Hartle	Jaros
Beard	Carruthers	Farrell	Hasskamp	Jefferson
Begich	Clark	Frederick	Haukoos	Jennings
Bertram	Cooper	Frerichs	Hausman	Johnson, A.
Bettermann	Dauner	Garcia	Heir	Johnson, R.

Johnson, V.	Macklin	Omann	Runbeck	Tompkins
Kahn	Mariani	Onnen	Sarna	Trimble
Kalis	McEachern	Orenstein	Schafer	Tunheim
Kelso	McGuire	Orfield	Schreiber	Uphus
Kinkel	McPherson	Osthoff	Seaberg	Valento
Knickerbocker	Milbert	Ostrom	Segal	Vanasek
Koppendrayner	Morrison	Ozment	Simoneau	Vellenga
Krambeer	Munger	Pauly	Skoglund	Wagenius
Krinkie	Murphy	Pellow	Smith	Waltman
Krueger	Nelson, S.	Pelowski	Solberg	Weaver
Lasley	Newinski	Peterson	Sparby	Wejcman
Leppik	O'Connor	Pugh	Stanisus	Welker
Lieder	Ogren	Reding	Steensma	Welle
Limmer	Olsen, S.	Rice	Sviggum	Wenzel
Lourey	Olson, E.	Rodosovich	Swenson	Winter
Lynch	Olson, K.	Rukavina	Thompson	Spk. Long

The bill was passed and its title agreed to.

S. F. No. 2185 was reported to the House.

Olsen, S., moved that S. F. No. 2185 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 2694, A bill for an act relating to courts; authorizing Ramsey county to provide for a single suburban court facility; amending Minnesota Statutes 1990, sections 488A.18, subdivision 10; and 488A.185.

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

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

Those who voted in the affirmative were:

Abrams	Davids	Henry	Lasley	Olson, E.
Anderson, I.	Dawkins	Hufnagle	Leppik	Olson, K.
Anderson, R.	Dempsey	Hugoson	Lieder	Omann
Anderson, R. H.	Dille	Jacobs	Limmer	Onnen
Battaglia	Dorn	Janezich	Lourey	Orenstein
Bauerly	Erhardt	Jaros	Lynch	Orfield
Beard	Farrell	Jefferson	Macklin	Osthoff
Begich	Frederick	Jennings	Mariani	Ostrom
Bertram	Frerichs	Johnson, A.	McEachern	Ozment
Bettermann	Garcia	Johnson, R.	McGuire	Pauly
Bishop	Girard	Johnson, V.	McPherson	Pellow
Blatz	Goodno	Kahn	Milbert	Pelowski
Bodahl	Gruenes	Kalis	Morrison	Peterson
Boo	Gutknecht	Kelso	Munger	Pugh
Brown	Hanson	Kinkel	Murphy	Reding
Carlson	Hartle	Knickerbocker	Nelson, S.	Rest
Carruthers	Hasskamp	Koppendrayner	Newinski	Rice
Clark	Haukoos	Krambeer	O'Connor	Rodosovich
Cooper	Hausman	Krinkie	Ogren	Rukavina
Dauner	Heir	Krueger	Olsen, S.	Runbeck

Sarna	Smith	Thompson	Vellenga	Wenzel
Schafer	Solberg	Tompkins	Wagenius	Winter
Schreiber	Sparby	Trimble	Waltman	Spk. Long
Seaberg	Stanius	Tunheim	Weaver	
Segal	Steensma	Uphus	Wejcmán	
Simoneau	Sviggum	Valento	Welker	
Skoglund	Swenson	Vanasek	Welle	

The bill was passed and its title agreed to.

S. F. No. 522, A bill for an act relating to game and fish; specifying allowed methods for taking fish in certain designated trout streams; proposing coding for new law in Minnesota Statutes, chapter 97C.

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

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1805, A bill for an act relating to human services; requiring reporting of legally blind persons to Minnesota state services for the blind and visually handicapped; modifying the duties of the commissioner of jobs and training; removing a council's

expiration date; amending Minnesota Statutes 1990, sections 248.07, subdivisions 1 and 5; and 248.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 248.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 2088 was reported to the House.

Krinkie moved to amend S. F. No. 2088, as follows:

Page 1, after line 14, insert:

"Section 1. Minnesota Statutes 1990, section 309.52, subdivision 1, is amended to read:

Subdivision 1. No charitable organization, except as otherwise provided in section 309.515, shall solicit contributions from persons in this state by any means whatsoever unless, prior to any solicitation, there shall be on file with the attorney general upon forms

provided by the attorney general, a registration statement containing, without limitation, the following information:

- (a) Legally established name.
- (b) Name or names under which it solicits contributions.
- (c) Form of organization.
- (d) Date and place of organization.
- (e) Address of principal office in this state, or, if none, the name and address of the person having custody of books and records within this state.
- (f) Names and addresses of, and total annual compensation paid to, officers, directors, trustees, and chief executive officer.
- (g) Federal and state tax exempt status.
- (h) Denial at any time by any governmental agency or court of the right to solicit contributions.
- (i) Date on which accounting year of the charitable organization ends.
- (j) General purposes for which organized.
- (k) General purposes for which contributions to be solicited will be used.
- (l) Methods by which solicitation will be made.
- (m) Copies of contracts between charitable organization and professional fund raisers relating to financial compensation or profit to be derived by the professional fund raisers. Where any such contract is executed after filing of the registration statement, a copy thereof shall be filed within seven days of the date of execution.
- (n) Board, group or individual having final discretion as to the distribution and use of contributions received.
- (o) The amount of total contributions received during the accounting year last ended.
- (p) Such other information as the attorney general may by rule or order require to promote fairness of the solicitation and to assure full and fair disclosure of all material information to the attorney general."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2088, A bill for an act relating to corporations; making miscellaneous changes in provisions dealing with the organization and operation of nonprofit corporations; amending Minnesota Statutes 1990, sections 317A.011, subdivision 14; 317A.111, subdivision 3; 317A.227; 317A.251, subdivision 3; 317A.255, subdivisions 1, 2, and by adding a subdivision; 317A.341, subdivision 2; 317A.431, subdivision 2; 317A.447; 317A.461; 317A.751, subdivision 3; 317A.821, subdivision 3; and 317A.827, by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 317A.821, subdivision 2; 317A.823; and 317A.827, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kinkel	Olson, E.	Smith
Anderson, I.	Garcia	Knickerbocker	Olson, K.	Solberg
Anderson, R.	Girard	Koppendrayner	Omann	Sparby
Anderson, R. H.	Goodno	Krambeer	Onnen	Stanisus
Battaglia	Greenfield	Krinkie	Orenstein	Steensma
Bauerly	Gruenes	Krueger	Orfield	Sviggum
Beard	Gutknecht	Lasley	Osthoff	Swenson
Begich	Hanson	Leppik	Ostrom	Thompson
Bertram	Hartle	Lieder	Ozment	Tompkins
Bettermann	Hasskamp	Limmer	Pauly	Trimble
Bishop	Haukoos	Lourey	Pellow	Tunheim
Blatz	Hausman	Lynch	Pelowski	Uphus
Bodahl	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	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	Kahn	O'Connor	Segal	
Farrell	Kalis	Ogren	Simoneau	
Frederick	Kelso	Olsen, S.	Skoglund	

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

S. F. No. 2547, A bill for an act relating to retirement; Minneapolis police relief association; recodifying the local laws applicable to the local relief association; amending Laws 1980, chapter 607, article XV, sections 8, 9, as amended, and 10; Laws 1989, chapter 319, article 19, sections 6 and 7, subdivisions 1 and 4, as amended; and Laws 1990, chapter 589, article 1, section 6; repealing Minnesota Statutes 1957, sections 423.71; 423.715; 423.72; 423.725; 423.73; 423.735; 423.74; 423.745; 423.75; 423.755; 423.76; 423.765; 423.77; 423.775; Special Laws 1891, chapter 143; Laws 1943, chapter 280; Laws 1949, chapter 406; Laws 1953, chapter 127; Laws 1957, chapters 721 and 939; Laws 1959, chapters 428 and 662; Laws 1961, chapter 532; Laws 1963, chapter 315; Laws 1965, chapters 493, 520, and 534; Laws 1967, chapters 820 and 825; Laws 1969, chapters 258 and 560; Laws 1973, chapters 272 and 309; Laws 1975, chapter 428; Laws 1980, chapter 607, article XV, section 21; Laws 1983, chapter 88; Laws 1987, chapters 322, sections 2, 3, 4, 5, 6, 7, and 8; and 372, article 2, sections 2, 3, 4, 6, and 15; Laws 1988, chapters 572, sections 3, 5, and 6; and 574, sections 2, 4, and 5; Laws 1990, chapter 589, article 1, section 4; and Laws 1991, chapter 90.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Waltman
Weaver

Wejcman
Welker

Welle
Wenzel

Winter
Spk. Long

The bill was passed and its title agreed to.

H. F. No. 2001 was reported to the House.

Jefferson moved that H. F. No. 2001 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 1801, A bill for an act relating to commerce; motor vehicle sale and distribution; regulating payments upon franchise termination, cancellation, or nonrenewal; amending Minnesota Statutes 1990, section 80E.09, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Olsen, S.	Skoglund
Anderson, I.	Frerichs	Kinkel	Olson, E.	Smith
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Solberg
Anderson, R. H.	Girard	Koppendrayner	Omann	Sparby
Battaglia	Goodno	Krambeer	Onnen	Stanis
Bauerly	Greenfield	Krinkie	Orenstein	Steensma
Beard	Gruenes	Krueger	Orfield	Sviggum
Begich	Gutknecht	Lasley	Osthoff	Swenson
Bertram	Hanson	Leppik	Ostrom	Thompson
Bettermann	Hartle	Lieder	Ozment	Tompkins
Bishop	Hasskamp	Limmer	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	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	Kahn	O'Connor	Segal	
Farrell	Kalis	Ogren	Simoneau	

The bill was passed and its title agreed to.

S. F. No. 1938 was reported to the House.

Dawkins moved to amend S. F. No. 1938, as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1990, section 504.181, subdivision 2, is amended to read:

Subd. 2. [BREACH VOIDS RIGHT TO POSSESSION.] A breach of the covenant created by subdivision 1 voids the lessee's or licensee's right to possession of the residential premises. All other provisions of the lease or license, including but not limited to the obligation to pay rent, remain in effect until the lease is terminated by the terms of the lease or operation of law.

If the lessor or licensee breaches the covenant created by subdivision 1, the landlord may bring, or assign to the county attorney of the county in which the residential premises are located, the right to bring an unlawful detainer action against the lessee or licensee. The assignment must be in writing on a form provided by the county attorney, and the county attorney may determine whether to accept the assignment. If the county attorney accepts the assignment of the landlord's right to bring an unlawful detainer action:

(1) any court filing fee that would otherwise be required in an unlawful detainer action is waived; and

(2) the landlord retains all the rights and duties, including removal of the lessee's or licensee's personal property, following issuance of the writ of restitution and delivery of the writ to the sheriff for execution.

Sec. 2. Minnesota Statutes 1990, section 609.5311, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS ON FORFEITURE OF CERTAIN PROPERTY ASSOCIATED WITH CONTROLLED SUBSTANCES.] (a) A conveyance device is subject to forfeiture under this section only if the retail value of the controlled substance is \$25 or more and the conveyance device is associated with a felony-level controlled substance crime.

(b) Real property is subject to forfeiture under this section only if the retail value of the controlled substance or contraband is \$1,000 or more.

(c) Property used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section only if the owner of the property is a consenting party to, or is privy to, the use or intended use of the property as described in subdivision 2.

(d) Property is subject to forfeiture under this section only if its owner was privy to the use or intended use described in subdivision 2, or the unlawful use or intended use of the property otherwise occurred with the owner's knowledge or consent.

(e) Forfeiture under this section of a conveyance device or real property encumbered by a bona fide security interest is subject to the interest of the secured party unless the secured party had knowledge of or consented to the act or omission upon which the forfeiture is based. A person claiming a security interest bears the burden of establishing that interest by clear and convincing evidence.

(f) Notwithstanding paragraphs (d) and (e), property is not subject to forfeiture based solely on the owner's or secured party's knowledge of the unlawful use or intended use of the property: (1) if the owner or secured party took reasonable steps to terminate use of the property by the offender; or (2) the property is real property owned by the parent of the offender, unless the parent is criminally liable under section 609.05 for the act or omission giving rise to the forfeiture.

Sec. 3. Minnesota Statutes 1990, section 609.5317, subdivision 1, is amended to read:

Subdivision 1. [RENTAL PROPERTY.] (a) When contraband or a controlled substance manufactured, distributed, or acquired in violation of chapter 152 is seized on residential rental property incident to a lawful search or arrest, the county attorney shall give the notice required by this subdivision to (1) the landlord of the property or the fee owner identified in the records of the county assessor, and (2) the agent authorized by the owner to accept service pursuant to section 504.22. The notice is not required during an ongoing investigation. The notice shall state what has been seized and specify the applicable duties and penalties under this subdivision. The notice shall state that the landlord who chooses to assign the right to bring an unlawful detainer action retains all rights and duties, including removal of a tenant's personal property following issuance of the writ of restitution and delivery of the writ to the sheriff for execution. The notice shall also state that the landlord may contact the county attorney if threatened by the tenant. Notice shall be sent by certified letter, return receipt requested, within 30 days of the seizure. If receipt is not returned, notice shall be given in the manner provided by law for service of summons in a civil action.

(b) Within 15 days after notice of the first occurrence, the landlord shall bring, or assign to the county attorney of the county in which the real property is located, the right to bring an unlawful detainer action against the tenant. The assignment must be in writing on a form prepared by the county attorney. Should the landlord choose to assign the right to bring an unlawful detainer action, the assign-

ment shall be limited to those rights and duties up to and including delivery of the writ of restitution to the sheriff for execution.

(c) Upon notice of a second occurrence on any residential rental property owned by the same landlord in the same building or complex of buildings and involving the same tenant, the property is subject to forfeiture under sections 609.531, 609.5311, 609.5313, and 609.5315, unless an unlawful detainer action has been commenced as provided in paragraph (b) or the right to bring an unlawful detainer action was assigned to the county attorney as provided in paragraph (b). If the right has been assigned and not previously exercised, or if the county attorney requests an assignment and the landlord makes an assignment, the county attorney may bring an unlawful detainer action rather than an action for forfeiture.

Sec. 4. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective August 1, 1992, and applies to breaches of the covenant occurring on or after that date.

Section 2 is effective the day after final enactment and applies to forfeiture proceedings commenced or pending on or after that date. Section 3 is effective August 1, 1992, and applies to second occurrences on or after that date."

Delete the title and insert:

"A bill for an act relating to landlords and tenants; providing for assignment to the county attorney of the landlord's right to evict for breach of the covenant not to sell drugs or permit their sale; clarifying the law on forfeiture of real estate interests related to contraband or controlled substance seizures; amending Minnesota Statutes 1990, sections 504.181, subdivision 2; 609.5311, subdivision 3; and 609.5317, subdivision 1."

The motion prevailed and the amendment was adopted.

S. F. No. 1938, A bill for an act relating to landlords and tenants; providing for assignment to the county attorney of the landlord's right to evict for breach of the covenant not to sell drugs or permit their sale; clarifying the law on forfeiture of real estate interests related to contraband or controlled substance seizures; amending Minnesota Statutes 1990, sections 504.181, subdivision 2; and 609.5317, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dempsey Welker

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

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Appropriations 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 4, delete lines 21 to 32

Page 4, line 33, delete “3” and insert “2”

Pages 5 to 8, delete sections 2 and 3

Page 9, delete line 3

Page 9, line 31, delete “3” and insert “2”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete everything after the semicolon

Page 1, line 5, delete “legislature;”

Page 1, line 7, delete everything after the first comma and insert “section”

Page 1, line 8, delete “and”

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 2848 was read for the second time.

SPECIAL ORDERS

H. F. No. 2265 was reported to the House.

Cooper and Dille moved to amend H. F. No. 2265, the first engrossment, as follows:

Page 3, line 2, after “spouse” insert “or responsible relatives”

Page 3, line 9, delete “and moral” and after “beliefs” insert “and rights of conscience”

Page 3, line 14, after the period insert "The county may restrict the amount to be expended for the funeral or final disposition."

The motion prevailed and the amendment was adopted.

Macklin moved to amend H. F. No. 2265, the first engrossment, as amended, as follows:

Page 1, line 12, after the period insert "Thirty days prior to the date of planned disposal, written notice shall be sent by certified mail to the individual who requested the cremation."

The motion prevailed and the amendment was adopted.

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.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Waltman
Weaver

Wejman
Welker

Welle
Wenzel

Winter
Spk. Long

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

S. F. No. 2194 was reported to the House.

Pugh moved that S. F. No. 2194 be continued on Special Orders.
The motion prevailed.

S. F. No. 1729, 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, subdivisions 1 and 2; 48.38, subdivision 6; 48.84; and 501B.10, subdivision 6.

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

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

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Welker

The bill was passed and its title agreed to.

H. F. No. 2025 was reported to the House.

Reding moved to amend H. F. No. 2025, the first engrossment, as follows:

Page 23, after line 14, insert:

“ARTICLE 5

CORRECTION OF PRIOR ENACTMENTS

Section 1. Minnesota Statutes 1990, section 353A.07, subdivision 3, as amended by Laws 1992, chapter 432, article 2, section 30, is amended to read:

Subd. 3. [TRANSFER OF ASSETS.] On the effective date of consolidation, the chief administrative officer of the relief association shall transfer the entire assets of the special fund of the relief association to the public employees retirement association. The transfer must include any investment securities of the consolidation account which are not determined to be ineligible or inappropriate by the executive director of the state board under section 353A.05, subdivision 2, at the market value of the investment security as of the effective date of the consolidation. The transfer must include any accounts receivable determined by the executive director of the state board as capable of being collected. The transfer must also include an amount, in cash, representing any remaining investment security or other asset of the consolidation account which was liquidated, after defraying any accounts payable.

As of the effective date of consolidation, subject to the authority of the state board, the board of trustees of the public employee retirement association has legal title to and management responsibility for any transferred assets as trustees for any person having a beneficial interest arising out of benefit coverage provided by the relief association. The public employees retirement association is the successor in interest for all claims for and against the consolidation account or the municipality with respect to the consolidation account of the relief association: ~~In~~, except a claim against the relief association or the municipality or any person connected with the relief association or the municipality in a fiduciary capacity, based on any act or acts by that person which were not done in good faith and which constituted a breach of the obligation of the person as a fiduciary. As a successor in interest, the public employees retirement association may assert any applicable defense in any judicial proceeding which the board of the relief association or the municipality would have otherwise been entitled to assert.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

Amend the title as follows:

Page 1, line 15, after "2," insert "353A.07, subdivision 3, as amended;"

The motion prevailed and the amendment was adopted.

Reding moved to amend H. F. No. 2025, the first engrossment, as amended, as follows:

Page 22, delete lines 33 through 36

Page 23, delete lines 1 to 14, and insert:

"ARTICLE 4

PURCHASES OF PRIOR SERVICE AND OTHER RETIREMENT LAW CHANGES

Section 1. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; PURCHASES OF PRIOR SERVICE CREDIT.]

Subdivision 1. [ELIGIBILITY; MINNEAPOLIS CONSTRUCTION EQUIPMENT OPERATOR.] (a) Notwithstanding any provision of Minnesota Statutes, section 353.27, subdivision 12, to the contrary, an eligible person described in paragraph (b) is entitled to purchase allowable service credit in the coordinated program of the public employees retirement association for the period described in paragraph (c) by paying the amount specified in subdivision 4.

(b) An eligible person is a person who:

(1) is currently a member of the coordinated program of the public employees retirement association;

(2) was born on August 22, 1956;

(3) was employed on a temporary or seasonal basis by a city of the first class on June 24, 1983;

(4) was first eligible for membership in the public employees retirement association in 1985; and

(5) did not become a member of the public employees retirement association until September 1986, because no timely employee or employer contributions were made until that time.

(c) The period for service credit purchase is the period of eligible service between January 1985 and September 1986, as determined by the executive director of the public employees retirement association based on satisfactory evidence of the eligible person's employment status.

Subd. 2. [ELIGIBILITY; EVELETH FIREFIGHTER.] (a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, a person described in paragraph (b) is entitled to purchase credit for the period of prior uncredited service specified in paragraph (c) from the public employees police and fire fund by paying the amount specified in subdivision 4.

(b) A person eligible under paragraph (a) is a member of the public employees police and fire plan who:

(1) was born on June 5, 1935;

(2) was initially employed as a firefighter by the city of Eveleth on August 20, 1970; and

(3) is currently employed as a firefighter by the city of Eveleth.

(c) The period of prior service available for purchase under this section is a period equivalent to one year and eleven months originally covered under the Eveleth fire relief association, for which the individual did not receive service credit in the public employees police and fire fund when the Eveleth fire relief association terminated and coverage was transferred to the public employees police and fire fund under Laws 1977, chapter 61.

Subd. 3. [ELIGIBILITY; STILLWATER FIRE CHIEF.] (a) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, a person described in paragraph (b) is entitled to purchase credit for the period of prior uncredited service specified in paragraph (c) from the public employees police and fire fund by paying the amount specified in subdivision 4.

(b) A person eligible under paragraph (a) is a person who:

(1) was born on February 7, 1944;

(2) was initially employed as a firefighter by the city of Stillwater on August 7, 1965; and

(3) is currently employed as fire chief by the city of Stillwater.

(c) The period of prior service available for purchase under this section is a period of five months in 1965 during which no member or employer contributions to the public employees police and fire fund were made.

Subd. 4. [PURCHASE PAYMENT AMOUNT.] (a) To purchase credit for prior service under this section, there must be paid to the public employees retirement association or the public employees police and fire fund, whichever applies, an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. Calculation of this amount must be made using the applicable preretirement interest rate for the association specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the fund or association. The calculation must assume continuous future service in the fund or association until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased. The calculation must also assume a future salary history that includes annual salary increases at the applicable salary increase rate for the fund or association specified in section 356.215, subdivision 4d. The member must establish in the records of the fund proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director of the public employees retirement association.

(b) Payment must be made in one lump sum.

(c) Payment of the amount calculated under this subdivision must be made by the member. However, the current or former governmental subdivision employer of the member may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.

Sec. 2. [ELIGIBILITY FOR REFUND.]

Subdivision 1. [ELIGIBILITY.] 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 immedi-

ately elect to receive a refund of employee contributions as provided in section 353.34, subdivision 2.

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

Sec. 3. [EFFECTIVE DATE.]

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

Amend the title as follows:

Page 1, line 6, after "transactions;" insert "authorizing purchases of prior service credit;"

The motion prevailed and the amendment was adopted.

Smith and Reding moved to amend H. F. No. 2025, the first engrossment, as amended, as follows:

Page 23, after line 12, insert:

"Sec. 2. [SHOREWOOD COUNCIL MEMBERS; TERMINATION OF PARTICIPATION; REFUND OF CONTRIBUTIONS.]

Notwithstanding the prohibition on revocation in Minnesota Statutes, section 353D.02, any member of the Shorewood city council on the effective date of this section who has elected coverage under the public employees defined contribution plan may elect to revoke participation in the plan. The revocation election must be made on or before January 1, 1994. Revocation is effective on receipt of notice by the public employees retirement association, and employee contributions shall be returned to the council member. The remaining value of the former participant's account, if any, become property of the association. This section is effective the day following final enactment."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 9, after the semicolon insert "authorizing revocation of defined contribution options by Shorewood council members;"

The motion prevailed and the amendment was adopted.

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; authorizing purchases of prior service credit; authorizing a refund of employee contributions to the public employees retirement association by a certain sick Hennepin county employee; authorizing revocation of defined contribution options by Shorewood council members; correcting prior enactments; 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; 353A.07, subdivision 3, as amended; 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.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Sparby	Thompson	Valento	Weaver	Winter
Stanisus	Tompkins	Vanasek	Wejeman	Spk. Long
Steensma	Trimble	Vellenga	Welker	
Sviggum	Tunheim	Wagenius	Welle	
Swenson	Uphus	Waltman	Wenzel	

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

Welle moved that the remaining 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

Heir moved that the following statement be printed in the Permanent Journal of the House:

“It was my intention to vote in the affirmative on Tuesday, April 7, 1992, on the first portion of the Frederick et al amendment to H. F. No. 1849, as amended.” The motion prevailed.

Macklin introduced:

House Concurrent Resolution No. 14, A house concurrent resolution commending the members of the Airport Narcotics Detail for their outstanding performance.

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

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following

House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1849, A bill for an act relating to crime; anti-violence education, prevention and treatment; increasing penalties for repeat sex offenders; providing for life imprisonment for certain repeat sex offenders; providing for life imprisonment without parole for certain persons convicted of first degree murder; increasing penalties for other violent crimes and crimes committed against children; increasing supervision of sex offenders; providing a fund for sex offender treatment; eliminating the "good time" reduction in prison sentences; allowing the extension of prison terms for disciplinary violations in prison; authorizing the commissioner of corrections to establish a "boot camp" program; authorizing the imposition of fees for local correctional services on offenders; requiring the imposition of minimum fines on convicted offenders; providing for HIV testing of certain sex offenders; expanding certain crime victim rights; providing programs for victim-offender mediation; enhancing protection of domestic abuse victims; authorizing secure confinement of dangerous juvenile offenders; creating a civil cause of action for minors used in a sexual performance; providing for a variety of anti-violence education, prevention, and treatment programs; authorizing the issuance of state bonds for a variety of projects; appropriating money; amending Minnesota Statutes 1990, sections 13.87, subdivision 2; 72A.20, by adding a subdivision; 121.882, by adding a subdivision; 127.46; 135A.15; 241.021, by adding a subdivision; 241.67, subdivisions 1, 2, 3, 6, and by adding a subdivision; 242.19, subdivision 2; 242.195, subdivision 1; 243.53; 244.01, subdivision 8; 244.03; 244.04, subdivisions 1 and 3; 244.05, subdivisions 1, 3, 4, 5, and by adding subdivisions; 245.4871, by adding a subdivision; 254A.14, by adding a subdivision; 254A.17, subdivision 1, and by adding a subdivision; 259.11; 260.151, subdivision 1; 260.155, subdivision 1, and by adding a subdivision; 260.172, by adding a subdivision; 260.181, by adding a subdivision; 260.185, subdivisions 1 and 4; 260.311, by adding a subdivision; 270A.03, subdivision 5; 299A.37; 299A.40, subdivision 3; 332.51, subdivisions 1 and 5; 401.02, subdivision 4; 485.018, subdivision 5; 518B.01, subdivisions 7 and 13; 546.27, subdivision 1; 595.02, subdivision 4; 609.02, by adding a subdivision; 609.10; 609.101, by adding a subdivision; 609.115, subdivision 1a; 609.125; 609.135, subdivision 5, and by adding subdivisions; 609.1352, subdivisions 1 and 5; 609.152, subdivisions 2 and 3; 609.184, subdivision 2; 609.19; 609.2231, by adding a subdivision; 609.224, subdivision 2; 609.322; 609.323; 609.342; 609.343; 609.344, subdivisions 1 and 3; 609.345, subdivisions 1 and 3; 609.346, subdivisions 2, 2a, and by adding subdivisions; 609.3471; 609.378, subdivision 1, and by adding a subdivision; 609.40, subdivision 1; 609.605, by adding a subdivision; 609.747, subdivision 2; 611A.03, subdivision 1; 611A.52, subdivision 8; 626.843, subdivision 1; 626.8451; 626.8465, subdivision 1; 629.72, by adding a subdivision; 630.36, subdivision 1, and by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 3.873,

subdivisions 1, 5, 7, and by adding a subdivision; 8.15; 121.882, subdivision 2; 124A.29, subdivision 1; 126.70, subdivisions 1 and 2a; 243.166, subdivisions 1, 2, and 3; 244.05, subdivision 6; 244.12, subdivision 3; 245.484; 245.4884, subdivision 1; 299A.30; 299A.31, subdivision 1; 299A.32, subdivisions 2 and 2a; 299A.36; 518B.01, subdivisions 3a, 6, and 14; 609.135, subdivision 2; Laws 1991, chapter 232, section 5; proposing coding for new law in Minnesota Statutes, chapters 126; 145; 145A; 169; 241; 244; 256; 256F; 260; 299A; 609; 611A; 617; and 629.

PATRICK E. FLAHAVEN, Secretary of the Senate

Vellenga moved that the House refuse to concur in the Senate amendments to H. F. No. 1849, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1849:

Vellenga, Solberg, Seaberg, Wagenius and Pugh.

ADJOURNMENT

Welle moved that when the House adjourns today it adjourn until 12:00 noon, Friday, April 10, 1992. The motion prevailed.

Welle moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Friday, April 10, 1992.

EDWARD A. BURDICK, Chief Clerk, House of Representatives